



Annual Report &  
Accounts **2008**

**Starcomms**   
...we speak your language

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# Notice of Annual General Meeting

**N**OTICE IS HEREBY GIVEN that the 11th Annual General Meeting of members of Starcomms Plc will be held at Transcorp Hilton, Abuja on Wednesday, July 1, 2009 at 10:00 am to transact the following business:

## ORDINARY BUSINESS

1. To receive the financial statements for the year ended December 31st, 2008 together with the Directors and Auditors report thereon.
2. To re-elect/elect Directors.
3. To approve the remuneration of Directors.
4. To approve the appointment of Auditors and to authorize the directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

## SPECIAL BUSINESS

6. To consider and if thought fit to pass the following resolutions: {Subject to the decision of the Board}.

“That the Company be and hereby authorize the Directors ("the Board") to allot or to grant any right to subscribe up to 5% of the ordinary shares of 50k each in the authorized share capital of the Company for the purpose of establishing a Management Share Incentive Scheme ("the Scheme") for the benefit of qualifying employees of the Company and to lawfully perform all such acts, take all such steps, sign and execute all such documents as may be necessary or required for and or incidental to effecting the establishment and administration of the Scheme”.

## PROXIES

A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. For the appointment to be valid, all instruments of proxy must be stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrar, First Registrars Limited of Plot 2, Abebe Village Road Iganmu, Lagos, not less than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

## CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Monday June 15th, 2009 to Friday June 19th, 2009 both days inclusive.

## AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder as a member of the audit committee. Such nomination shall be in writing and reach the Company Secretary not less than 21 days before the Annual General Meeting ■

Dated this 20th day of May, 2009  
BY ORDER OF THE BOARD

INCO SERVICES LIMITED  
(Company Secretaries)

## Key Operational Highlights for 2008

List of key Highlights / achievements per month for 2008		
S.No.	Months	Description
1.	Jan' 2008	<ul style="list-style-type: none"> <li>■ Starcomms Service Centre launched in Zaria.</li> </ul>
2.	Feb' 2008	<ul style="list-style-type: none"> <li>■ Achieved One million subscriber mark.</li> <li>■ Starcomms introduced 1st Dual SIM phone under "World Phone series."</li> <li>■ Purple Rain Promo targeted at Retail customers.</li> </ul>
3.	Mar' 2008	<ul style="list-style-type: none"> <li>■ Starcomms 1st student promo for data subscribers.</li> <li>■ Starcomms first Sponsored major Music Show- Kenny's Easter Fiesta the 10th Anniversary of Kenny's Music Fiesta.</li> </ul>
4.	Apr' 2008	<ul style="list-style-type: none"> <li>■ Launched Huawei 203 s @ ₦ 1999, which moved the mobile market, and took up our incremental market share to over 20%.</li> </ul>
5.	May 2008	<ul style="list-style-type: none"> <li>■ Launched 3G Broadband Brand "iZAP."</li> <li>■ Launched Telecenter Brand "SMARTCENTER."</li> <li>■ Services launched in Benin with CSR initiatives by empowering 50 youths to start their own SMART CENTER with the help of Smart center kit.</li> <li>■ With the launch of Haier D 1200 1x Data mobile phone, Special promotion for students segment done through "GO COLOR, GO CHINA" campaign.</li> <li>■ Launched Enterprise E1 Services (voice &amp; data).</li> <li>■ Starcomms Private Placement.</li> </ul>
6.	Jun' 2008	<ul style="list-style-type: none"> <li>■ Introduced new roaming number series "0702-9".</li> <li>■ Starcomms launched High-end mobile phones like Moto-Q; Moto K1. Telecenter Loyalty program (BONAZEE) mega event - In addition to loyalty bonus, Starcomms gave away 3 Cars, 40 plus motor bikes; ₦16 million and over 500 telecenter phones to the qualified winners.</li> <li>■ Abeokuta, Ijebu-Ode, Shagamu added onto Starcomms network.</li> </ul>
7.	Jul' 2008	<ul style="list-style-type: none"> <li>■ 14th July Starcomms listed on Nigerian Stock Exchange.</li> </ul>
8.	Aug' 2008	<ul style="list-style-type: none"> <li>■ Starcomms 1st Investor's forum conducted.</li> <li>■ Starcomms won -"NTA( Nigeria Telecoms Awards)", "Unified license operator of the year- 2008" and " Best Telecom product of the year - iZAP- 2008."</li> <li>■ Launched aggressive mobile MOP of ₦1499 with Haier D 900 1st FM phones, which laid down the 2nd phase of highest acquisition period for Starcomms.</li> <li>■ Special new town launch promo by giving "unlimited Internet access" for 2-months on fixed phones for new town launched during the third quarter.</li> </ul>
9.	Sep' 2008	<ul style="list-style-type: none"> <li>■ Launched new World Phone Series with "Coolpad 288."</li> <li>■ Launched Calabar and Warri.</li> <li>■ New International calling tariffs, specially the best for EMEA countries.</li> </ul>

		<ul style="list-style-type: none"> <li>Launched Special low International tariff promo for Saudi Arabia during Ramadan period.</li> <li>Associated with “World Cyber Games” preliminary round in Nigeria.</li> </ul>
10.	Oct’ 2008	<ul style="list-style-type: none"> <li>Achieved 2 million Subscriber mark.</li> <li>Launched Owerri, Uyo &amp; Ogbomosho cities.</li> <li>Starcomms launched innovative service “iBOOST” internet accelerator for the 1st time in Nigerian market.</li> <li>Starcomms Launch of WAP on its network on WAP enabled phones.</li> </ul>
11.	Nov’ 2008	<ul style="list-style-type: none"> <li>Starcomms won Nigeria Information &amp; Technology Awards (NITA) “Best CDMA operator of the year 2008” “Best IT &amp; Telecom product (iZAP) of the year 2008”.</li> <li>Starcomms 1st alliance marketing initiative with world well known IT brand ACER for the sales of 1x data device.</li> <li>Starcomms launched Haier D 2000 another phone in FM series.</li> <li>Starcomms special 2.1 million promo for its subscribers.</li> <li>Alliance marketing initiative with Motorola through activation drive at 5- key markets of Starcomms.</li> <li>Launched a new addition to High End Motorola phones V9m &amp; W385.</li> </ul>
12.	Dec’ 2008	<ul style="list-style-type: none"> <li>Starcomms launched Nigeria's 1st multi-functional phone “GENIE” with which one can talk, surf the internet through 3G EVDO, and listen to music with MP3 player and saves files up to 200 MB.</li> <li>Oyo added to Starcomms network.</li> </ul>

## Awards



**Best CDMA Operator of the year 2008**  
Nigeria Information Technology and  
Telecomms Award



**Unified license operator  
of the year 2008**  
Nigerian Telecom Awards



**NCC-Service Excellence Award**  
Widest Spread of Customer Care  
centers 2008



**Best IT product (iZAP) of the year 2008**  
Nigerian Telecom Awards



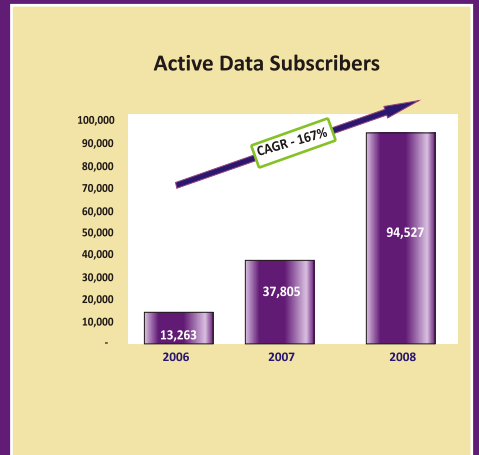
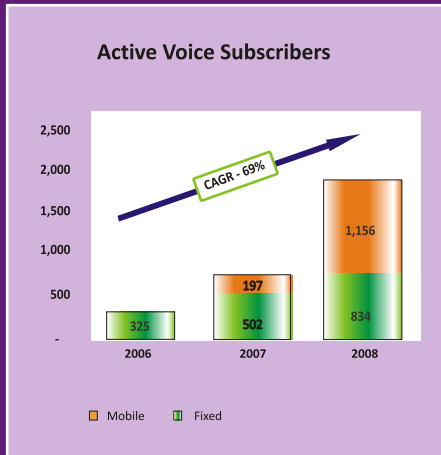
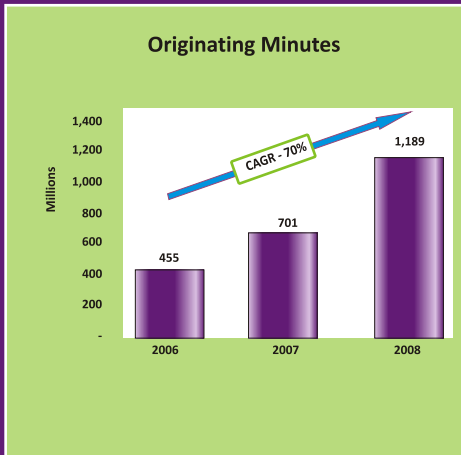
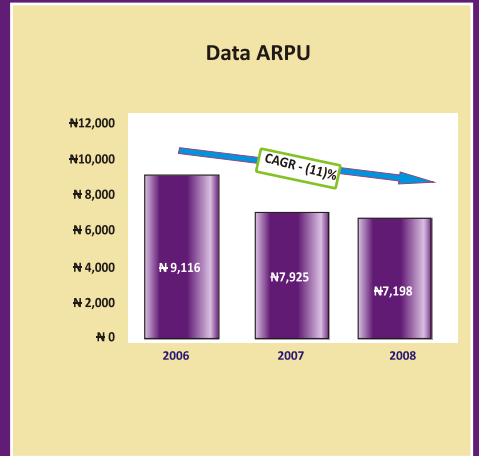
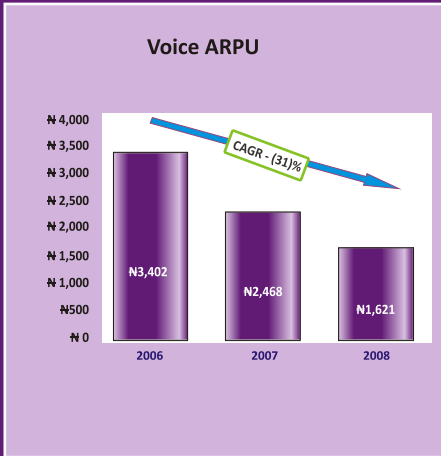
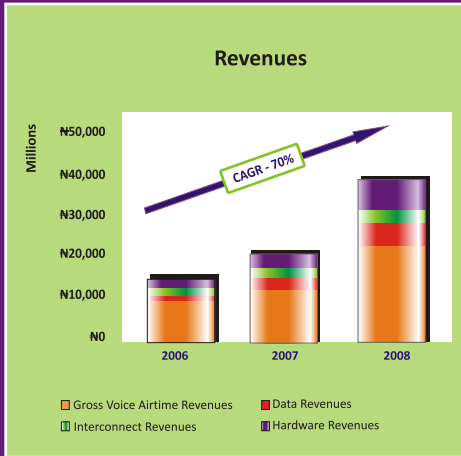
**Internet Product of the year 2008  
(iZAP)**  
Nigeria Information Technology and  
Telecomms Award



The background is a deep purple color with a complex, abstract pattern of overlapping, swirling lines and shapes in various shades of purple and magenta. A large, semi-transparent, light purple circle is centered on the page, serving as a backdrop for the title text.

# Financial Highlights

# Financial Highlights



CAGR: Constant Annual Growth Rate

## Board of Directors & Corporate Information

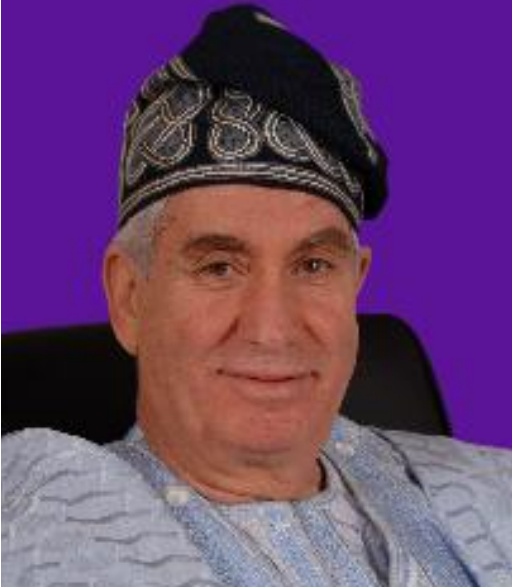
<b>Registered Office:</b>	52 Adetokunbo Ademola Street Victoria Island, Lagos.
<b>Board of Directors:</b>	<p>Chief Maan Lababidi (American) - Chairman</p> <p>Maher Qubain (American) - Managing Director/Chief Executive</p> <p>Paul Edwards (British)</p> <p>Omar Lababidi (American)</p> <p>Prof. Enrique Arzac (American) - Appointed 19 June 2008</p> <p>Prof. Partha Mohanram (American)- Appointed 19 June 2008</p> <p>A. Olawale Edun - Appointed 19 June 2008</p> <p>Navaid Burney (American) - Resigned 19 June 2008</p> <p>Afolabi Williams - Resigned 19 June 2008</p>
<b>Company Secretary:</b>	Inco Services Limited 34 Bassie Ogamba Street, Surulere, Lagos.
<b>Auditors:</b>	KPMG Professional Services 22A Gerard Road, Ikoyi, Lagos.
<b>Registrars:</b>	First Registrars Limited 2 Abebe Village Road, Iganmu, Lagos.
<b>Solicitors:</b>	City Partners 13 Sunbo Jibowu Street, South-West Ikoyi, Lagos.
	G. Elias & Co. NCR Building (6th Floor) 6 Broad Street, Lagos.
	Nasir Salau & Co 24 King George Road, Onikan, Lagos.
	Olaniwun Ajayi LP The Adunola 5 <sup>th</sup> 9 <sup>th</sup> Floor, Plot L2, Banana Island' Lagos.







# Chairman's Statement



## Chairman's Statement

### Chief Maan Lababidi

Chairman

#### Introduction

Distinguished Shareholders,

I am pleased to present to you the annual financial statements of Starcomms Plc, and to report the performance and achievements of your Company for the financial year ended December 31, 2008. The 2008 financial year has been one of significant transformation of the business. Starcomms effectively doubled its subscriber base in the year under consideration and extended its network coverage to 22 cities. Such rapid growth did, however, impact on short-term profitability but provides an excellent platform for future profit growth. Before going into greater detail about our financial and operational performance, however, I would like to review some of the key market factors under which we operated in 2008.

#### Operating Environment

In the first half of 2008, the Nigerian economy remained strong as a result of increased oil revenue due to unprecedented price levels of bonny light crude oil in the international markets which reached as high as \$138.74 per barrel as of June 30, 2008. However, by the latter half of the year, the spot price of crude oil reduced drastically to \$44.46 per barrel as of December 31, 2008. This significant reduction in price coupled with recessionary effects worldwide, which has also seen both global manufacturing output and demand for oil reduce dramatically, have had a significant adverse effect on the Nigerian economy during the latter part of the year. Conversely, the increased costs of fuel products in the first half of the year in conjunction with the continuing unreliable power supply across the nation resulted in disproportionately high operating expenses on diesel and generator maintenance to sustain the Starcomms network.

According to data from the Economist.com, Nigeria's GDP is estimated to have grown 6.8% in 2008 from \$136.1 Billion in 2007; however, Nigeria's external reserves which had grown from \$52.9 billion as of December 31, 2007 to \$59.2 billion as of June 30, 2008, reversed to \$51.33 billion by the end of December 2008 driven by the severe reduction in the international price of crude oil. This reduction in foreign reserves has adversely impacted the Central Bank of Nigeria's ability to support the Naira which has resulted in the official devaluation of the Naira vis-à-vis the US\$ from ₦116.3:\$1 at the beginning of the year to ₦130.8:\$1 by the end of 2008. This devaluation of the Naira has had a major impact on Starcomms financial performance in the year due to extraordinary levels of unrealised foreign exchange losses on its dollar denominated debt facilities.

## Chairman's Statement

Official data from Nigeria's National Bureau of Statistics confirms that the year on year average inflation rate as measured by the Composite Consumer Price index rose by 15.1%. The growth in inflation over this period is

attributed in part to higher food prices on staples such as maize, yam, guinea corn, millet, meat, fruit and vegetables. The increase in the Composite Food Index amounted to 18.0% with Food Items representing 63.8% of the total Composite Price Index. Year on year average inflation on Non-food items amounted

...in the CDMA and fixed telecom operator sector in which Starcomms operates, we note per NCC figures that the active voice subscriber base increased from a combined 1.96 million as of the end of 2007 to 7.36 million as of the end of 2008...

to only 10.4%. Undoubtedly, the continued and unabated increase in inflation is likely to have negative repercussions on telecom spending which could further compress ARPUs in 2009.

### Telecommunications Industry Developments

The telecommunications industry grew phenomenally in 2008 according to data supplied by the Nigerian Communications Commission (NCC). The NCC reported figures indicate that the number of active subscribers across the industry grew from 41.98 million as of the end of 2007 to 64.30 million as of December 31, 2008, an increase of 53.2%. This brings telecom penetration in Nigeria as at 2008 year end to 46.0% of the population.

The competitive landscape changed dramatically in 2008 with the entry of new operators in both the CDMA and GSM sectors of the market. The growth in the mobile sector remained robust with the NCC reporting an increase in active mobile lines over 2007, of 56%. However, the industry remained hampered overall by poor network quality in some sectors and a general downward pressure on Average Revenue Per User ("ARPU"). Additionally, in 2008 multiple GSM and CDMA operators launched their 3G services, thereby increasing the level of competition in the mobile broadband sector.

In the CDMA and fixed telecom operator sector in which Starcomms operates, NCC figures indicate that the total active voice subscriber base increased from 1.96 million as of the end of 2007 to 7.36 million as of the end of 2008, an increase of 275.5%. This phenomenal growth in the non-GSM sector has seen an increase in overall market share from 4.7% as at the end of 2007 to 11.5% as at the end of 2008, a remarkable achievement and one that underlines the acceptance of CDMA technology as being more efficient in carrying voice and data while offering better quality. We also note that total CDMA subscribers globally are growing at a phenomenal rate, fuelled by India and China. In China alone, it is estimated there will be over 100 million subscribers by 2012.

This significant growth in the non-GSM sector has however not come without a cost. In the second half of 2008 we operated in a fiercely competitive environment which saw unprecedented levels of subsidies and discounting within the CDMA sector by multiple operators. This essentially resulted in each operator investing heavily upfront to acquire new customers by discounting phone sales significantly below cost along with the bundling of free airtime to both the distribution channel and the end consumer. Although these competitive tactics resulted in significant market growth, it has equally resulted in each operator incurring significant losses during 2008. However, those operators, such as Starcomms, who have successfully secured a critical

## Chairman's Statement

mass of subscribers, will benefit from considerable economies of scale and their larger subscriber bases will yield greater profitability in the future.

### Operating Results

Starcomms is the first telecommunications operator to be directly listed on the Nigerian Stock Exchange, and is more than 65% owned by Nigerians. The company has recorded a number of firsts in Nigeria, including being the first operator to launch genuine 3G broadband services, and to deploy an IP-based network. Starcomms is proud to be regarded as the leading innovator in the telecommunications sector in Nigeria.

### Coverage

During 2008, Starcomms expanded its geographical presence across Nigeria utilizing the equity funding raised from its private placement in June 2008. During the year under review Starcomms commenced operations in

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Abeokuta, Ijebu Ode, Shagamu, Benin, Warri, Calabar, Uyo, Rano, Owerri, Oyo, and Ogbomosho. These additional cities helped supplement Starcomms existing network coverage in Lagos, Ibadan, Port Harcourt, Aba, Onitsha, Asaba, Abuja, Kaduna, Zaria, Kano and Maiduguri, while also allowing our subscribers to take advantage of the Starcomms mobility services in the largest metropolitan cities across Nigeria.

As part of our efforts to increasing our network footprint in 2008, Starcomms has invested in expanding its transmission backbones to cover 2,107Km, the largest microwave backbone of any CDMA operator in Nigeria. Upon completion of the microwave backbone project Starcomms will launch its network coverage in Ilorin, Nnewi, Umuahia, Katsina, Enugu, Awka, Bauchi and Jos in 2009, further expanding our network coverage to the major 31 cities in the country.

### Subscribers

The telecommunications market continues to grow rapidly in Nigeria but declining ARPU is the inevitable result of deepening market penetration. It was therefore vitally important that Starcomms built a strong foundation of quality subscribers in 2008 on which to base future growth. Consequently, during the year, Starcomms revised its strategy and aggressively built out its network and signed up new subscribers at a much higher rate than originally planned.

We recorded a total of 2.085 million active subscribers both voice and data on our network as at December 31, 2008. Active subscribers are defined by the NCC as subscribers with a revenue generating activity within the preceding 90 day window. Our active subscriber base increased by 182% from 0.737 million subscribers in 2007 to 2.085 million subscribers in 2008. Our prepaid subscriber base represents approximately, 98% of our total active subscriber base while postpaid and data subscribers make up the balance. Our active data subscribers grew from 37,806 to 94,527 between 2007 and 2008 and now contribute significantly to revenue and Earnings Before Interest, Exchange Differences, Tax, Depreciation and Amortisation ("EBIETDA").

In addition to the growth in network coverage the growth in our subscriber base has been driven by strong brand image and awareness, powerful marketing campaigns, heavy feet-on-the-street sales promotions, new

## Chairman's Statement

product launches, better customer service and lower priced entry-level mobile handsets, which have been well received in the Nigerian market.

### Brand

In 2008, we extended the Starcomms Brand portfolio by launching our 3G Broadband brand "iZAP". This broadband service, which we upgraded to Ev-DO Rev A in March 2008, won the "Best Telecom Product of the Year" at the Nigerian Telecoms Awards (NTA) in August. Simultaneously, Starcomms also received the NTA's award for the "Unified License Operator of the Year".

In conjunction with our broadband data portfolio offerings in October 2008 the Company launched "iBoost", an innovative internet accelerator service that significantly improved data subscribers' experience. At the Nigerian Information & Technology Awards in November, Starcomms again won double accolades for "Best CDMA Operator of the year 2008" and "Best IT & Telecom Product (iZap) of the year 2008".

Moreover, in 2008 Starcomms Brand Advertising impact consistently ranked in the top 4 of the telecom industry. Research conducted by Brand Futurz in the second quarter of 2008 indicated that the Starcomms brand has the highest Top of the Mind Recall as compared to other CDMA operators and similar overall brand recall as the top 3 GSM operators.

### Financial Results

Notwithstanding the harsh macroeconomic environment in the second half of 2008 and the increased competition in the telecommunications sector, Starcomms posted an increase in Net Revenue of 80.3% from ₦19.14 billion to ₦34.50 billion. However, Earnings Before Interest Exchange Differences Taxes and Depreciation (EBIETDA) declined to ₦935 Million from ₦2.73 Billion in 2007.

Notwithstanding the harsh operating environment and the increased competition in the telecom sector, Starcomms posted an increase in turnover of 91.9% from ₦20.51 billion to ₦39.35 billion

Likewise, the company's Profit Before Taxes (PBT) declined from ₦451.8 million in 2007 to a loss before tax of ₦8.42 billion loss in 2008. The significant investment in subscriber acquisitions and network expansion impacted on profitability as of the end of 2008. However, the Board of Directors is confident that the benefits of this larger subscriber base will contribute positively to profitability in 2009 and beyond. EBIETDA and Net Losses after Tax should, therefore, improve significantly in the coming year.

### Future Outlook/Improved Performance

During 2008, the Starcomms Board of Directors along with management took a conscious decision to emphasize long-term growth over short-term profitability targets having determined that it was not in the Company's interest during a period of such high growth to sacrifice growth opportunities for the sake of meeting shorter term profit targets. Telecommunications companies invest heavily in building their networks and acquiring subscribers in the early years. Once they reach maturity they reduce capital expenditure on

## Chairman's Statement

rapid roll-outs and consequently profitability increases dramatically. Starcomms is in its early growth stage and should be regarded as a growth stock at this stage in its development.

Our strategy for 2009 is designed to emphasise profitability after the rapid growth experienced last year. Network expansion and consequently capital expenditure will be reduced considerably from ₦29.94 Billion in 2008 to ₦11.47 in 2009. Operating expenditure is also being tightly controlled, while subsidy levels are being reduced as a result of continuing decreases in CDMA handset prices. Entry level handsets are now well below the US\$30 mark. The dramatic growth in CDMA subscribers in India and China, along with new multi-band chipsets, are expected to continue to put downward pressure on handset prices. The impact of the new

Our strategy for 2009 is designed to emphasise profitability after the rapid growth experienced last year. Network expansion and consequently capital expenditure will be reduced considerably...

strategy is already being seen in the first quarter of 2009 level of profitability.

Profitability in 2008 was also impacted by the decline in the value of the Naira versus the dollar, as the Company at the end of 2008 had US\$247 million in dollar denominated debt. The Board is continuing to monitor closely foreign exchange exposure and will implement appropriate strategies to reduce this exposure.

### Appreciation

Fellow shareholders, I wish to thank you for your continued support for Starcomms through what have been exciting and challenging times. The telecommunications industry continues to be one of the most dynamic and successful industries in the world. While many developed markets around the world are now approaching saturation, Nigeria is expected to maintain its very high growth rate over the next 3 to 5 years.

Starcomms has emerged over the past few years to be a strong and effective player with proven expertise and an excellent technology base. It has now achieved the first stage of critical mass and is well placed to benefit from the continued growth in the Nigerian market. While profit forecasts were not achieved in 2008 there is already evidence that the new strategy being implemented by the Company is yielding significantly higher profits at the EBIETDA level, as the recently published results for the first quarter of 2009 have illustrated.

I wish to equally express my gratitude to my colleagues on the Board for providing the required leadership and support to the Company.

Lastly, I wish to express my appreciation to the management and staff of the Company for their efforts in growing the Company substantially during 2008. We expect that the significant investments in growth in 2008 will result in improved operational and financial performance in 2009. ■

## Corporate Governance

Starcomms is committed to strictly adhering to and even exceeding the Code of Best Practices on Corporate Governance in Nigeria as adopted by the SEC in October 2003. The Company has adopted a Code of Ethics which outlines guidance on, among other matters, compliance with laws and regulations, conflicts of interest, environmental responsibility, political support, the Company's funds and property, the Company's records, privacy and confidentiality and employee relations. This Code of Conduct is actively endorsed by the Board.

### Board Practices

The Board meets quarterly and further on an ad-hoc basis as required from time to time. The Board has the duty to ensure that Starcomms has a strong and capable management team, that there is a clear and achievable strategic plan, that all aspects of risks are identified and mitigated, to determine and ensure implementation of the Company's values, to ensure that there are strong financial controls and systems in place, to implement and monitor compliance with effective policies and bring fair judgment to all matters material to the Company. The Board has complete access to the Company's senior management and independent auditors. The Secretary provides advice and guidance to the Directors and acts as a conduit in their dealings with the Board and adherence to the Board's policies.

### Composition of the Board

The Board of Starcomms is composed of 7 members made up of 1 Executive Director and 6 non-Executive Directors. The Board members are professionals with vast experience and credible track records.

### Chairman and Chief Executive Officer Positions

Responsibilities at the top of the Company are well defined and the Board is not dominated by one individual. The position of the Chairman is separate from the Chief Executive. The Chairman is not involved in the day to day operations of the company.

### Audit and Risk Committee

The Audit and Risk Committee is comprised of an equal number of non-executive Directors and representatives of the Shareholders of the Company and contains no more than six members. One member of the Committee qualifies as an "audit committee financial expert". The Committee meets at least four times annually and oversees or assists the Board in overseeing, among other matters:

- (i) the integrity of the Company's financial statements, including the Company's annual and quarterly financial statements and relevant reports rendered by the independent auditor;
- (ii) the appointment, compensation and retention of any independent auditor; including reviewing with the independent auditor any significant matters arising from any audit, report or communication relating to financial statements;
- (iii) the Company's disclosure and internal controls; including all related party transactions; and
- (iv) the performance of the Company's internal audit function and the independent auditors. The committee also assists the Board on legal compliance and risk management and to establish, review and periodically update the Codes of Ethics. In addition, the audit and risk committee will review with the independent auditor, the internal audit department and management, the extent to which changes or improvements in the financial or accounting practices have been implemented.

# Corporate Governance

## Remuneration Committee

The Remuneration Committee is appointed annually by the Board, on recommendation of the Company's Nomination and Corporate Governance Committee and comprises three members, two of whom are independent. The Board designates one member as the committee chairperson, who is not the Chairman of the Board. The Committee meets at least twice each year to supervise and review, among other matters, the compensation of executive officers, Directors and other employees and any stock option, stock incentive and stock compensation plans. In addition, the Committee assists Management in developing and, when appropriate, recommending to the Board the design of the Company's compensation policies and plans.

## Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee is appointed annually by the Board and is comprised of an independent chairman and at least two directors, one of whom will be independent. The Committee meets at least twice each year and supervises and reviews the affairs of the Company as they relate to the Board, committee composition and leadership, Board evaluations, shareholder communications and corporate governance matters. In undertaking this role, the committee monitors the composition, size and independence of the Company's Board and makes recommendations on the appropriate skills and additional qualifications required of the Directors based on the Company's need from time to time as well as candidates for nominations as directors. The Committee will also make recommendations to the Board regarding the annual assignment of Directors to Board committees. In addition, the Committee will make recommendations to the Board on, and ensure compliance with corporate governance principles. It will also establish and monitor procedures by which the Board will conduct evaluation of its performance and receipt of shareholders communication.

## Tendering and Procurement Committee

The Tendering and Procurement Committee is appointed annually by the Board and is comprised of three Directors, two of whom are independent Directors. The Committee's aim is to formulate and review from time to time the Company's tendering and procurement policies and practices to ensure that the operating policies and procedures relating to tendering and procurement are recognised as “best practice”, that all tenders are conducted in a fair and ethical manner and that no conflict of interest exists with any Director or executive connected to the tendering and procurement process. ■



# MD/ CEO's Report



## Managing Director & Chief Executive Officer's Report

### Maher Qubain

Managing Director & Chief Executive Officer

#### Highlights of Financial Year 2008

- Active Subscribers increase by 182.8% to 2.085 million
- Churn reduces from 23.5% to 13.1%
- Blended ARPU declines 31.0% to ₦1,882
- Data revenues are 21.3% of total service revenues
- EBIETDA declines by 65.8% as a result of aggressive subscriber acquisition programme
- Foreign exchange losses impact on net operating profit after tax (NOPAT)

#### OVERVIEW

At the end of my third year as the CEO of Starcomms, it gives me great pleasure to report to shareholders on the progress Starcomms has made during the 2008 financial year. In an operating environment that became more challenging as the year progressed, the company reported strong subscriber and revenue growth. What is evident from the results is that our growth strategy is starting to bear fruit. We believe we are now well positioned for an increasingly competitive and rapidly changing environment.

Starcomms Plc. is one of Nigeria's leading providers of communications services. Starcomms provides communications services, including mobile voice, fixed-wireless voice, broadband data, network access, International and long-distance voice services, and also operates one of the most advanced Next Generation NGN IP-Centric networks. The Company provides wireless voice and data products and services across 16 states covering 22 cities and 75 towns in Nigeria using one of the most extensive and reliable wireless networks in the country. Stressing diversity and commitment to the communities in which we operate, we have a highly diverse workforce of 871 employees.

Our 2008 results show that our focus on growth and expansion is paying off, most notably in our revenue profile. Revenues were ₦34.501 billion in 2008, representing an increase of 80.3% percent. This accelerated growth reflects our continued investment in the expanding wireless voice and broadband markets.

“We believe we are now well positioned for an increasingly competitive and rapidly changing environment.”

## MD/CEO's Report

We believe that having the best network is key to being the best communications company, so we continue to differentiate our businesses through network quality. Our reliable wireless network has long been a source of industry-leading customer loyalty, and we have extended this competitive edge into the wireless data arena with our third-generation Ev-Do data network. We are gaining scale and momentum with iZap, our high-speed network, which attained 94,527 active subscribers at the end of 2008. Starcomms also is a leader in providing fixed-wireless services to homes, SoHos and SMEs. Our network currently offers secure access to large corporates, banks and government customers around Nigeria, and we are steadily expanding its speed and reach in growing markets throughout the cities we cover. Starcomms received top awards for functional excellence in 2008 from sources as varied as the Nigeria Information Technology and Telecoms Award, NCC Service Excellence Award and Nigerian Telecom Award. Our reputation for quality is critical in attracting a large and growing base of customers who buy the Starcomms brand. We ended the year with 1.156 million active mobile subscribers, .834 million active fixed-wireless subscribers, 94,527 active broadband customers, and large business sales to major corporations in Nigeria ranging from Voice and Data Virtual Private Networks (VPNs) to ATM last mile services.

The sections that follow provide information about the important aspects of our operations and include discussions of our operational results and financial position.

### FINANCIAL OVERVIEW

- **Revenues:** Starcomms revenues grew by 80.3% from ₦19.135 billion to ₦34.501 billion in the financial year ending December 31, 2008 reflecting continued strong growth in subscriber numbers and call volumes.
- **EBIETDA:** The EBIETDA margin for the year ended December 31, 2008 was 2.7%, a decrease from 14.3% in the previous year. This decline is mainly attributable to higher levels of subsidy in the mobile voice business and increased levels of dealer discounts. The EBIETDA margin is expected to improve substantially in 2009 given the strategy to reduce operational expenses, to aggressively improve customer service, to pursue increased contribution from the high margin Broadband data business and from the expected benefits from synergy realization and outsourcing.
- **Profit:** Starcomms declared a Net loss after tax of ₦8.008 billion in 2008 as compared to a Net profit after tax of ₦1.016 billion in 2007. This decline is largely as a result of the decreasing EBIETDA margin due to the heavy levels of subsidies and dealer discounts that affected the CDMA sector in the year under report. Starcomms operating expenses increased year-on-year by 88.2% to ₦16.834 billion primarily due to increased depreciation and amortisation expense of 107.4% to ₦5.384 billion due to the significant geographic expansion of the business and the unexpected devaluation of the Naira which caused Starcomms to post an unrealized foreign exchange loss of ₦3.641 billion.
- **Subscribers:** We ended the year with 2.085 million active subscribers, an increase of 182.8% from 2007. This active subscriber growth is an exceptional performance and our continued prospects in both the voice and data market segments remain strong. Further growth depends on the availability of network capacity to sign up subscribers for the right quality of service. Starcomms is focused on providing a high standard of service and therefore we will not sign-up subscribers unless we have the capacity to deliver a premium service.
- **ARPU:** The blended ARPU during the period under review was ₦1,882 per month. Whilst we experienced a decline from 2007, it was arrested mainly as a result of implementing the broadband data and tele-centre

## MD/ CEO's Report

voice segment strategies. The developing prepaid service market segment continued to drive market penetration in 2008 with the prepaid service making up approximately 98% of all gross connections. Data ARPU decreased by 9.2% to ₦7,198 per month, due to increased competition. Starcomms continued focus on value-added voice and broadband data services enabled it to reduce its rate of ARPU decline. Starcomms broadband data revenues increased by a noteworthy 135.4% mainly due to higher take up of data services and more affordable product offerings.

- **Churn:** subscriber churn reduced to 13.1% for the year as compared to 23.5% in the prior year. This reduction reflects the significant increase in new connections in 2008 as well as Starcomms improved ability to retain customers on our network longer both in terms of network quality and affordability.

### STRATEGIC OVERVIEW

Our strategy is to defend and grow revenues profitably. This will be done via three drivers:

1. Moving into high value-added data and content services;
2. Targeting geographic expansion into fast growing locations; and
3. Growing our fixed and mobile services.

Our focus is on moving our business from basic voice and data connectivity to fully converged solutions that integrate voice, data, content and Internet services. We are embedding a culture of excellence in customer service as well as innovation, which is crucial in an increasingly competitive environment.

Starcomms mission is to be a leading Nigerian telecommunications services company, focused on long-term profitability through growth in fixed-wireless, mobile and broadband segments.

#### Starcomms core strategies are as follows:

- **Revenue Growth** - Our emphasis is on revenue growth, devoting more resources to higher growth markets such as wireless voice, wireless broadband connections, and other data services, as well as expanding strategic services to business markets over the traditional fixed wireless voice market.
- **Profitability Improvement** - Our goal is to increase operating income and margins. Our capital spending continues to be directed toward growth markets, positioning the Company for sustainable, long-term profitability. High-speed wireless data (Evolution-Data Optimized or EV-DO) services, deployment of innovative solutions, as well as expanded services to enterprise customers are examples of these growth segments. During 2008, capital expenditures were ₦29.943 billion compared with capital expenditures of ₦10.736 billion in 2007. Although we expect 2009 capital expenditures to be lower than 2008, acquisition of additional spectrum will be an area of focus in 2009, as spectrum capacity is needed to support expanding data applications and a growing customer base.
- **Operational Efficiency** - While focusing resources on revenue growth and market share gains, we are continually challenging our management team to lower expenses, particularly through technology-assisted productivity improvements, including self-service initiatives. The effect of these and other efforts, such as call center routing improvements, the formation of a centralized shared services organization, and centralizing information technology and marketing efforts, has led to changes to the Company's cost structure as well as maintaining and improving operating income margins. With our deployment of the Microwave backbone network, we expect to realize savings in annual, ongoing operating expenses as a

## MD/ CEO's Report

result of efficiencies gained from backbone network facilities. Workforce levels in 2009 will be similar to those of 2008 due to continued productivity improvements, automation and synergy savings, partially offset by an increase in headcount in customer services.

- **Customer Experience** - Our goal is to provide the best customer experience possible and to be the leading company in customer service in every segment we serve. We view superior product offerings

During 2008, our Company received awards for superior products and customer service, and we continued these initiatives to enhance the value of our products and services.

and customer service experiences as a competitive differentiator and a catalyst to growing revenues and gaining market share. During 2008, our Company received awards for superior products and customer service, and we continued these initiatives to enhance the value of our products and services. We are developing and marketing innovative product bundles to include fixed wireless, mobile and

broadband services for consumer and business customers. These efforts will help counter the effects of competition and technology substitution that have resulted in access line losses, and will enable us to grow revenues. Also in the broadband data segment we continued to roll out next-generation global IP networks to meet the ongoing global enterprise market shift to IP-based products and services. Deployment of new strategic service offerings - including expansion of our VoIP and international capabilities, the introduction of cutting edge web-based conferencing capabilities, and enhancements to our virtual private network portfolio - will allow us to continue to gain share in the enterprise market. In the Broadband data segment, we continue to build on the fundamentals of our network superiority and value proposition to deliver growth for our business and provide new and innovative products and services, such as Broadband Access and our EV-DO service. We also continue to expand our wireless data, messaging and multimedia offerings for both consumer and business customers and take advantage of the growing demand for wireless data services.

We create value for our shareholders by investing the cash flows generated by the business in opportunities and transactions that support these strategic imperatives, thereby increasing customer satisfaction and usage of our products and services.

### Management's Discussion and Analysis of Financial Performance and Results of Operations (MD&A)

#### RESULTS OF OPERATIONS

In this section, we discuss our overall results of operations and highlight items that are not included in our business segment results. We currently have two reportable segments, which we operate and manage as strategic business units and organize by products and services. Our segments are Wireless Voice (Fixed and Mobile) and Broadband Data.

## MD/ CEO's Report

### 2008 Compared to 2007

Revenues in 2008 increased by ₦15.366 billion, or 88.2% compared to 2007. This increase was primarily the result of continued strong growth in both the Wireless Voice & Broadband Data segments.

Wireless Voice revenues in 2008 increased by ₦11.932 billion, or 73.1% to ₦28.264 billion when compared to 2007. This increase was primarily driven by increased demand and usage of our fixed wireless and mobile wireless services across both the retail and business segments. Additionally, wireless voice equipment revenues grew by 128.1% to ₦7.122 billion as a result of the significant level of new voice connections to the network during the year. In 2008, we added 461,898 new fixed wireless subscribers and 1.004 million new mobile voice subscribers. These additions coupled with reduced voice subscriber churn saw the active voice subscriber base increase from 699,383 at the end of 2007 to 1.990 million at the end of 2008. Average total service revenue per customer (ARPU) declined by 34.3% to ₦1,621 in 2008 compared to 2007, primarily attributable to declines in the average outgoing minutes of usage per customer as we noted reduced average usage levels from the new subscribers added in 2008.

Total Broadband Data revenues grew from ₦2.596 billion in 2007 to ₦6.237 billion in 2008. Of this figure, Broadband Data Service revenues amounted to ₦5.715 billion, with a growth of 135.4% while Broadband Data Equipment Revenues made up the balance of ₦521.3 million. During 2008, our active broadband subscriber closed at 94,527 subscribers, an increase of 150.0%. The overall increase in Broadband Data revenues is primarily due to higher demand for strategic products. Broadband ARPU declined marginally by 9.2% to ₦7,198 in 2008 compared to 2007, primarily due to increases in data revenue per customer driven by increased use of prepaid and postpaid data services.

### Direct Costs

Direct costs of services and sales includes the following costs directly attributable to a service or product: interconnect, internet hardware, handsets and accessories, discounts on handsets, data transmission, NCC annual operating levy and other direct costs.

Direct costs in 2008 increased 119.9% to ₦22.116 billion when compared to 2007 primarily as a result of higher interconnect costs, handset and accessories costs and increased discounts on handsets and internet hardware. The increase in interconnect costs of 89.2% year on year is relatively aligned with the overall increase in net call revenues of 65.5% and reflects the costs for terminating network outgoing costs on other operators networks both domestically as well as internationally. Cost of handsets and accessories increased 95.9% in 2008 compared to 2007, primarily as a result of an increase in wireless devices sold due to an increase in equipment upgrades, higher participation in activations of mobile subscribers and establishment of tele-center market segment. This aggressive drive for subscribers also caused discounts on handsets and internet hardware to increase dramatically from ₦76.6 million in the prior year to ₦2.559 billion in 2008 as we increased our average discount levels due to increased competition in the CDMA sector.

### Operating Expenses (excluding depreciation, amortisation and exchange differences)

Operating expenses before depreciation, amortisation and exchange differences totaled ₦11.450 billion, an increase of 80.4% over the comparative 2007 figure. These operating expenses consist of personnel expenses including salaries, wages and benefits, advertising and promotion expenses, operations and maintenance expenses not directly attributable to a service or product, other general and administrative costs, bad debt charges, and bank charges.

### Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased 107.4% in 2008 to ₦5.383 billion. The increase is primarily attributable to the significant increase in the gross fixed asset base from ₦33.187 billion in 2007 to ₦63.078 billion in 2008 as a result of the significant network expansion undertaken during the year.

### Foreign Exchange Loss

Starcomms recorded an unrealized foreign exchange loss of ₦3.641 billion in 2008 as compared to a gain of ₦2.165 billion in 2007. The large and unexpected foreign exchange loss resulted from the Company's significant exposure to US dollar denominated debt, which amounted to \$247.9 million at the year end. Since 2005, Starcomms had taken advantage of the lower US dollar interest rates in financing its capital investment since available rates were much lower than the very limited alternatives available domestically. Also, a large proportion of the capital expenditure has been on equipment purchases

Starcomms strategy is designed to deliver sustainable, profitable growth going forward. The creation of shareholder value is the underlying driver of every decision made

priced in US dollars. Although some devaluation of the Naira was expected given the reduction in oil prices and the depletion in the country's external reserves, Starcomms, like many others, was surprised at the speed and severity of the devaluation of the Naira from December 2008 onwards. With the unexpected decline of the

Naira from ₦117:\$1 to ₦130.75:\$1 by December 31, 2008, the Company incurred a large unrealized foreign exchange loss which had not been anticipated in its 2008 plans. Starcomms is currently working on converting the short term portion of its US dollar denominated debt into Naira facilities as circumstances permit and aims to convert the first \$70 million tranche in second quarter of 2009.

### Looking Forward

Starcomms strategy is designed to deliver sustainable, profitable growth going forward. The creation of shareholder value is the underlying driver of every decision made. Starcomms Board of Directors and management team are committed to improving shareholder value. Starcomms remains committed to grow attributable earnings for the fixed-wireless, mobile and other segments.

Given the investment in our network, growth in the various segment, the potential acquisitions and pressure on all segments' EBITDA margins, no special dividend was paid in respect of the 2008 financial year. The level of dividend going forward will be based on a number of factors including the consideration of the financial results, the company's debt level, interest coverage, internal cash flows and resources, the repurchase of Starcomms shares and other future expectations. However, it is important to note that starcomms remains in its growth phase and the Nigerian telecom market is still some years away from maturity.

## MD/ CEO's Report

### Appreciation

On behalf of the Executive Committee, I extend my sincere gratitude to the Starcomms Board of Directors for the guidance and insights its members have provided. I would also like to thank the executive team and the people of Starcomms for their dedication and the progress made in executing our growth strategy. I would also like to extend my thanks to all our customers for their continued and valued patronage during the year. On behalf of the board I wish to record our appreciation of the role of the regulator for its vision, forward-thinking and continued support to making Nigeria a shining example throughout Africa and the world.

### Conclusion

The world is going through extraordinary times, but the opportunity within Nigeria remains enormously significant. Our strengths, achievements and our convictions have given Starcomms the role of leader in the development of Telecommunications industry in Nigeria. No role could be more important or demanding at this very moment in time.

We stand, as we have always stood from our earliest beginnings, for tenacity, endurance and creating value for all stakeholders. The Starcomms today is unrecognisable from the PTO of 2002. In a few short years we have undergone a remarkable transformation to a national "Triple-Play" provider of world-class fixed-wireless, mobile and broadband communications services.

Starcomms is implementing new strategies in 2009 that will create value and is developing innovative solutions so that our customers and shareholders can extract the greatest possible value from the endless possibilities of the telecommunications industry. I am profoundly grateful to you for giving me the honor to serve, to work for you and with you to prepare Starcomms for the challenges ahead and making us the largest and most respected CDMA operator in Nigeria today and for many years to come.

I feel entitled at this juncture, at this time, to claim the aid of you all and to say in the words of Winston Churchill, "let us go forward together with our united strength" ■

***Maher Qubain***

*Chief Executive Officer*



# The Board of Directors

# Board of Directors



**Chief Maan Lababidi**  
Chairman

Chief Lababidi is the Chairman of the Board and founder of Starcomms Plc. Chief Lababidi also sits as the Executive Chairman of the Fou'ad Lababidi Foundation which oversees the administration of the Lababidi Islamic Academy, a post Primary educational institution. For his accomplishments and contributions to Nigeria, he has received several honors including the Baba Oja of Lagos (1984), the Baba Adini of Ijebu land (2001) and Federal Honors as an Officer of the Order of the Niger (OON 2002).

Chief Lababidi holds a Bachelors Degree (B. SCE 1965) and Masters Degree (M.SCE) 1968 in Civil Engineering from the University of Texas USA where he graduated with Honors in both cases (chi Epsilon & Tau Beta Pi). He has established several businesses including Flour Mills, Luxury Hotels, Fisheries and Construction Companies.



**Paul Edwards**  
Non-Executive Vice Chairman

Paul Edwards is executive chairman of Chartwell Capital Group, a corporate advisory and investment house. He has had strong international experience, having worked in South Africa, Hong Kong, Malaysia and Singapore. During which time he has gained extensive experience in the IT, business information, television, telecommunications and media industries. Most digital technologies fall within his experience and he has been an early pioneer in digital convergence. In 1999 Paul was appointed Group Chief Executive of the Johnnic Group in South Africa where he was responsible for transforming Johnnic from a passive investment trust, with interests including brewing, food, property, retailing, media and a small investment in telecommunications, into a focused media, entertainment and telecommunications group. In doing so, Johnnic sold off non-core assets to the value of R7 billion and acquired a controlling stake in cellphone operator MTN.

Paul assumed direct control of MTN in 2001 tasked with diversifying the group's telecommunications interests beyond South Africa. Paul was responsible for acquiring a cellular license in Nigeria in January 2001. By October 2001 MTN Nigeria had successfully launched in three centres (Lagos, Port Harcourt and Abuja). By 2004, MTN it had established itself as the continent's largest cell phone operator, while Johnnic became regarded as the leading black-controlled group in South Africa. MTN was subsequently unbundled out of Johnnic in order to enhance shareholder value and by April 2004 had a market cap of R54 billion, exceeding in value both Vodacom and Telkom, the national telecommunications operator. The rapid growth in value of MTN was attributed to the success and enormous potential of MTN Nigeria. In January 2005, Paul accepted the position of Non-Executive Chairman of SN Communications Holdings, which as at then owned 99.999% of Starcomms, a Nigerian 3G mobile operator.



**Maher Qubain**  
Board Member & MD/CEO

Maher is the MD/CEO of Starcomms Plc and has considerable expertise in the wireless market and significant international exposure and track. He has proven strong management, business development, strategy and implementation skills to transform corporate vision into profitable reality. He is fully experienced in the upswings and declines of the telecommunications market cycles. He is a US national and a graduate of California State University, Long Beach where he received his B.Sc. (1988) and an M.Sc (1990) in computer Science and Engineering. He also holds a condensed EMBA from the University of Southern California (1997). Maher has over nineteen years experience in high-growth domestic and international wireless telecommunications management. Before joining Starcomms Plc, he held various positions from Advanced Technology Manager at Airtouch to Director of Engineering at AT&T Wireless in Southern California. Maher has been an early Pioneer in digital convergence and worked with world renowned scientist and CDMA technology pioneer Dr. William "Bill" C.Y. Lee at Airtouch in the early 1990s. At Starcomms, Maher is directly responsible for the overall day to day management, strategic planning, funding and execution of all business plans associated with the 3G CDMA2000 wireless national network. Prior to his promotion to Chief Executive Officer, Maher was the Chief Technology Officer of Starcomms for over three years.



**Omar Lababidi**  
Non-Executive Director

Omar Lababidi holds a B.Sc in International Relations from Georgetown University in Washington, D.C. (1998) and an MBA from Columbia Business School (2007). He worked with Tradigrain Incorporated before joining Starcomms as the Director of Marketing where he was responsible for the marketing transformation at Starcomms Plc. Omar Lababidi joined the board in 2007.



**Prof. Enrique R. Arzac**  
Non-Executive Director

Enrique Arzac (Ph.D, M.A. & MBA), a Sr. Professor of Finance and Economics at Columbia Business School, is presently a director at The Adams Express Company, Petroleum & Resources Corporation, Epoch Holdings, and Credit Suisse Asset Management Funds (U.S. Institutional and Closed-End Funds). He is the non-executive chairman of Credit Suisse emerging markets and fixed income closed-end funds. He has served as the senior vice dean of the school and as chairman of the Finance Division. He is presently co-director of the Mergers & Acquisitions Executive Program, jointly offered by Columbia and London Business Schools. He was a Ford Foundation Fellow and a W.R. Grace Research Fellow and recipient of Institute for Quantitative Research in Finance Grants. Before joining Columbia he taught at the University of Buenos Aires, and held various positions, including: Associate Consultant, Ernst & Ernst; Chief Economist, Latin American Economic Research Foundation; and Director of Systems Analysis, Economic Development Council, Argentine Government. He has served as a financial consultant to the State of New Jersey, the United Nations Conference on Trade Development and several U.S. and foreign firms, including: Nathan Associates, Aerojet, Belding Hemingway, Alfa Group, Dynamic Corporation of America, BHD Corp. and the Equitable Life Assurance Company.



**Prof. Partha Mohanram**  
Non-Executive Director

Professor Mohanram who holds a Ph.D. in Business Economics from Harvard University, has since July 2006 been Associate Professor of Business, Columbia University, after promotion from Assistant Professor, Graduate School of Business, Columbia University. He was also Assistant Professor, Stern School of Business, New York University between 1998 and 2003, and Research Associate; Harvard Business School. He obtained his M.B.A (1992) from Indian Institute of Management, Ahmedabad, majoring in Finance and Operations, and B.Tech (1990) from Indian Institute of Technology, Madras, majoring in Computer Science and Engineering.



**Adebayo Olawale Edun**  
Non-Executive Director

Mr Adebayo Olawale Edun has over twenty-five years experience in Merchant Banking, Corporate finance, Economics and International Finance at both national and international levels. Mr. Edun is the Chairman of ChapelHillDenham Group, one of the nation's leading independent investment banking firms. Prior to establishing ChapelHillDenham Management Limited in 1994, he was at Investment Banking & Trust Company Limited (now Stanbic IBTC Bank Plc, a company he co-founded on his return to Nigeria in 1989, after a three-year stint at the World Bank / IFC in Washington DC, and where he served as an Executive Director. Mr. Edun also served as Finance Commissioner of Lagos State. He holds a Bachelor of Science Degree from Queen Mary College (University of London) and a Masters Degree in Economics from the University of Sussex. Mr. Edun serves on the board of a number of other organizations.

# Senior Management



**Seyi Owodunni**  
Chief Financial Officer

Mr. Owodunni has a Bachelor of Science degree (Cum Laude) in Business Administration with concentration in Accounting, from Georgetown University, Washington D.C., USA, and a Masters in Business Administration from Harvard Business School in Boston, Massachusetts, USA.

Prior to returning for his MBA, Mr. Owodunni worked as a Certified Public Accountant with KPMG Peat Marwick LLP in Washington D.C. During his tenure at KPMG Peat Marwick, he passed the American Institute of Certified Public Accountants' Exam in 1995 on his first sitting, and became a qualified CPA. Prior to joining Kayode Owodunni & Co., Owodunni also worked for five years with Lucent Technology Ltd; an American Telecommunication Equipment Manufacturer headquartered in New Jersey, USA, in various capacities. Initially, he worked in the Mergers & Acquisitions area, advising the various Strategic Business Unit Executives on the multitude of acquisition transactions Lucent completed between 1998 and 2000. Subsequently, Mr. Owodunni worked within Lucent's Optical Networking Business Unit as a Product Manager responsible for profit and losses on core networking products, with annual sales of over \$285 million.

Since returning to Nigeria in 2003 Owodunni has been admitted to the Institute of Chartered Accountants of Nigeria as an Associate member.



**Obiora-Okafo Ifeanyi**  
Customer Service Director

A 1989 graduate of accountancy from the University of Nigeria, Nsukka, a qualified Chartered Accountant and an Associate of the Institute of Chartered Accountants of Nigeria (ICAN).

Has over 18 years working experience in a cross section of organizations covering the telecommunication, and banking & finance sectors. He started his post NYSC work experience with Capital Trust Limited, an investment company, as an Investment Analyst before he later joined Ventures and Trust Limited as an Accountant. In 1993 he joined the banking sector as a Credit Officer with the then Royal Merchant Bank Limited. He is a pioneer staff of Standard Trust Bank Limited (now UBA) where he rose to the position of Regional Group Head for customer services (banking operations). He left banking in 2001 to join Econet Wireless Nigeria Limited, a pioneer GSM telecommunications company in Nigeria, as its Customer Service Manager.

He has had a quality exposure and vast experience in customer service and general management. His last assignment (before joining Starcomms) was Director Customer Experience (Customer Care) in Celtel Nigeria Limited (Trading as Zain).



# Financial Report

# Directors' Report

*For the year ended 31 December 2008*

**T**he directors present their annual report on the affairs of the Company, together with the financial statements and independent auditor's report for the year ended 31 December 2008.

## **1. Legal Form, principal activities and Brief History of the Company:**

The Company was incorporated on 19 July 1995 as a limited liability company and was issued a licence by the Nigerian Communications Commission on 1 May 1997 to undertake the business of operating a fixed wireless exchange network and other related services in Lagos State. The Company commenced commercial operations in Lagos late in 1999 using the Code Divisional Multiple Access (CDMA) communications technology. On 1 August 2006, the Company obtained a Unified Access Service License to operate mobile, fixed wireless, fixed wire line, long distance and international gateway telecommunication service in all states of the Federation including the Federal Capital Territory, Abuja.

The Company's principal business activities include the provision of Telephony Services (Fixed and Mobile), Data (Broadband internet) and other Value Added services. The Company has network operations covering 16 States of the Federal Republic of Nigeria as of December 31, 2008.

In June 2008, a total of 4,950,000,000 ordinary shares of 50k each, comprising an offer for subscription of 3,184,759,779 ordinary shares and an offer for sale of 1,765,240,221 ordinary shares held by existing shareholders, were offered by way of Private Placement to the public at ₦13 each. The Company's issued ordinary shares were listed on the Floor of the Nigerian Stock Exchange by Way of Introduction on 14 July 2008 at ₦13.65k and are being traded publicly on the floor of the Exchange. The Company has fulfilled all the relevant requirements and processes in connection with the public issuance of its securities under the relevant laws and regulations of the Securities and Exchange Commission (SEC) of Nigeria and the Nigerian Stock Exchange (NSE).

# Directors' Report

For the year ended 31 December 2008

## 2. Operating Results:

The following is a summary of the Company's operating results:-

	<b>2008</b> <b>Number</b>	<b>2007</b> <b>Number</b>
Active voice subscribers at close <sup>1</sup>	1,990	699
Active data subscribers at close <sup>2</sup>	95	37
	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Revenue	34,501,213	19,135,582
Earnings Before Interest, Exchange Differences Taxation, Depreciation & Amortisation (EBITDA)	935,317	2,733,204
Exchange differences and interest expense, net	(3,966,803)	314,388
Depreciation and Amortisation	(5,383,552)	(2,595,779)
Operating (loss)/profit	(4,448,235)	137,425
(Loss)/Profit for the year	(8,008,084)	1,016,067

## 3. Directors and their Interests:

The directors who served during the year and their interest in the shares of the Company as at 31 December 2008 were as follows:-

	Number of ordinary shares of 50k each	Representing/Position
Chief Maan Lababidi (American)	172	SNCH/Chairman
Paul Edwards (British)	Nil	SNCH
Omar Lababidi (American)	Nil	SNCH
Prof Enrique Arzac (American)	Nil	Independent
Prof Partha Mohanram (American)	Nil	Independent
Maher Qubain (American)	7,269,584	Chief Executive Officer
A. Olawale Edun	3,846,153	Independent
Navaid Burney (American)	Nil	SNCH
Afolabi Williams	Nil	SNCH

1. Active voice subscribers are subscribers who had made or received calls within the last 90 days before the end of the financial year.
2. Active data subscribers are subscribers who could access data services as at the end of the year.

# Directors' Report

For the year ended 31 December 2008

Except as disclosed in Note 23, none of the directors has notified the Company of any declarable interests in contracts with the Company.

## 4. Analysis of Shareholders:

The analysis of distribution of shares of the Company at 31 December 2008 was as follows:

Shareholding between	No of Share Holders	% of Shareholders	No of Shares	% of Shares
200,000,001 - 3,000,000,000	1	0.01	2,026,537,925	29.46
100,000,001 - 200,000,000	4	0.04	526,639,869	7.66
50,000,001 - 100,000,000	8	0.09	605,703,880	8.81
1,000,001 - 50,000,000	609	6.59	3,194,687,765	46.44
100,001 - 1,000,000	1,122	12.14	390,509,945	5.68
50,001 - 100,000	733	7.93	61,444,903	0.89
10,001 - 50,000	2,025	21.91	52,535,142	0.76
1 - 10,000	4,740	51.29	20,418,668	0.30

S.N. Communications Holdings (SNCH) Limited held 2,026,537,925 ordinary shares representing 29.46% of the issued and paid-up share capital of the Company as at 31 December 2008. No other shareholder of the Company held 5% or more of the issued share capital of the Company as at 31 December 2008.

## 5. Directors' Responsibilities:

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Company and of the profit or loss for the financial year.

The Directors' responsibilities include ensuring that:

- appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act of Nigeria;
- the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- it is appropriate for the financial statements to be prepared on a going concern basis.

# Directors' Report

*For the year ended 31 December 2008*

## **6 Records of Directors' Attendance:**

Further to the provisions of Section 258(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' Attendance at Board Meetings during the year under review is available at the Annual General Meeting for inspection.

## **7. Corporate Governance:**

The Company maintains strict compliance with the provisions of the Code of Best Practice on Corporate Governance in Nigeria issued by the Securities and Exchange Commission and the Corporate Affairs Commission in 2003. This is reflected in all aspects of Governance in the Company including the composition and practices of the Board of Directors, the establishment of relevant Board Committees and the maintenance of key registers and policies that are in place to ensure due process, transparency and accountability in all activities of the Board of Directors, its members and the Company in general.

The following Board Committees have been established:

- (i) The Audit and Risk Committee
- (ii) The Tendering and Procurement Committee
- (iii) The Nomination and Corporate Governance Committee
- (iv) The Remuneration Committee
- (v) The Market Announcement Committee

All the Committees were duly established by Company Charters, which prescribe the objectives of the Committees and regulate activities of its members. The Company has also adopted several Governance regulations including Insider Trading Policy, Related Party Policy, Board of Directors Code of Ethics and the Company Code of Ethics, amongst others.

The Board of Directors of the Company ensures strict adherence to the provisions of the Company and Allied Matters Act of Nigeria and the Articles of Association of the Company in its dealings and proceedings.

## **8. Fixed Assets:**

Information relating to changes in fixed assets is disclosed in Note 8 to the financial statements.

# Directors' Report

For the year ended 31 December 2008

## 9. Charitable Donations:

The Company made charitable donations totaling ₦4.3 million (2007: ₦17.6 million) to the following individual and organizations during 2008:

	₦'000
Treatment of Brain Tumor (Ms Olu Goma Adaji)	3,528
The Nigeria Police Force	700
Abuja Environmental Agency	100
	4,328

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or give gifts to any political association or for any political purpose.

## 10. Major Dealers:

The Company's products are distributed through various dealers that are spread across the whole country. The list of major dealers are shown on page 94 of this report.

## 11. Suppliers:

The Company procures its network and other equipment on a commercial basis from overseas and other local suppliers.

## 12. Employment and Employees:

### (a) Employment of Physically Challenged Persons

It is the policy of the Company that there is no discrimination when considering applications for employment including those from disabled persons. Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should as far as possible, be identical with those of other employees. As at 31 December 2008, the Company had only one physically challenged person in its employment.

### (b) Health, Safety and Welfare at Work

The Company places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Company has various forms of insurance policies, including workmen's compensation and group life insurance, to adequately secure and protect its employees.

## Directors' Report

*For the year ended 31 December 2008*

### **(c) Employees' involvement and Training**

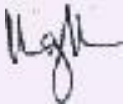
The Company is committed to keeping employees informed, as much as possible, about the Company's performance and progress and seeks their views, whenever practicable, on matters which particularly affect them as employees. The Company regularly organizes on-the-job training for its staff using in-house training facilities complimented, when and where necessary, with other external facilities, training, seminars and workshops.

### **13. Auditors:**

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria■

### **BY ORDER OF THE BOARD**

Inco Services Limited  
(Company Secretary)



Lagos, Nigeria.  
15 April 2009

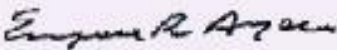
## Audit and Risk Committee's Report

In compliance with section 359 (6) of the Companies and Allied Matters Act of Nigeria,

we have;

- i) Reviewed and ascertained that the accounting and reporting policies adopted by the Company are in accordance with the applicable legal requirements and agreed ethical practices.
- ii) Reviewed the scope and planning of audit requirements and found them satisfactory.
- iii) Appraised the Financial Statements for the year ended 31 December 2008 and are satisfied with the explanations provided.
- iv) Reviewed the Company's systems of accounting and internal control and found them effective.
- v) Reviewed the External Auditor's Management Report for the year ended 31 December 2008 and are satisfied that management is taking appropriate steps to address issues and comments noted in the report.

The External Auditors confirmed management's full cooperation in the course of the performance of their duties and that they were not limited in any way by the Company and its management ■



**Prof. Enrique Arzac**  
Chairman Audit Committee

15 April 2009

### **Members of the Audit Committee are:**

1. Prof. Enrique Arzac
2. Mr. Paul Edwards
3. Mr. A. Olawale Edun
4. Mr. Nnamdi Oyeka
5. Mrs. Eniola Fadayomi
6. Mr. Kayode Pitan

## Tendering and Procurement Committee's Report

In accordance with the provisions of Article 12 (8) of the Articles of Association of the Company and under the power granted to it under Article 4 of the Starcomms Plc Tendering and Procurement Charter, we;

- i) Reviewed the Company's tendering and procurement policies and practices and ensured that the operating policies and procedures relating to tendering and procurement are recognized as best practice.
- ii) Ensured that all tenders subject to the limit of authority of the Board of Directors of the Company are conducted in a fair and ethical manner and that no conflict of interest exists with any Director or executive connected to the tendering and procurement process of the Company.
- iii) Reviewed the tendering and procurement processed of the Company and are able to ensure that all companies who tender for Company business which are subject to the limit of authority of the Board of Directors of the Company have the financial and operating capability to deliver under the terms of the tender or contract.
- iv) Reviewed periodically the Limits of Authority which govern the financial limits under which Management can commit the Company without the further approval of (a) the Chairperson (b) the Committee, and (c) the Board and ensured that this limit of authority reflect best practice and effective supervision of the tendering and procurement processes of the Company through its management.
- v) Effectively liaised with the internal audit unit of the Company and the independent auditors and ensured that there was no incidence of wrong-doing or violation in any tender or procurement activities of the Company.

We confirm the full cooperation of the management of the Company in the course of performance of our duties■



**Chief Maan Lababidi**  
Chairman Tendering and Procurement Committee

19 January 2009

Members of the Board Tendering and Procurement Committee are:

1. Chief Maan Lababidi
2. Mr. Paul Edwards
3. Mr. A. Olawale Edun

## Nomination and Corporate Governance Committee's Report

In accordance with the provisions of Article 12 (7) of the Articles of Association of the Company and in accordance with the Duties and Responsibilities prescribed for it under Article 4 of the Starcomms Plc Nomination and Corporate Governance Committee Charter, the Committee;

- i) Monitored the composition, size and functions of the Board of Directors and ensured the independence of the Board, compliance with the Articles of Association of the Company, appropriateness of Board Committee membership for each Director, including upon a change in a Director's employment or other relevant circumstances and ensured consistently, compliance with appropriate skills and characteristics required of Directors under the relevant regulatory provisions, statutes and rules, as well as any additional qualifications appropriate for any one or more Directors.
- ii) Recommended to the Board the annual assignment of Directors to the Company's five standing committees: (i) the Audit and Risk Committee; (ii) the Remuneration Committee; (iii) the Tendering and Procurement Committee; (iv) the Nomination and Corporate Governance Committee and (v) the Market Announcement Committee and established and monitored procedures and processes through which the Board is able to evaluate its performance.
- iii) Developed and recommended to the Board a set of corporate governance principles for the Company in line with the Code of Best Practice on Corporate Governance in Nigeria and monitored compliance with such principles whilst ensuring best practice. We also recommended the review of the Company's governance structures, policies and principles from time to time for approval by the Board ■



**Mr. Paul Edwards**

Chairman Board Nomination and Corporate Governance Committee

19 January 2009

### **Members of the Board Nomination and Corporate Governance Committee are:**

1. Mr. Paul Edwards
2. Prof. Enrique Arzac
3. Mr. Omar Lababidi

## Remuneration Committee's Report

In accordance with the provisions of Article 12 (7) of the Articles of Association of the Company and in accordance with the Duties and Responsibilities prescribed for it under Article 4 of the Starcomms Plc Nomination and Corporate Governance Committee Charter, the Committee;

- i) Reviewed and approved performance goals and objectives relevant to the compensation of the CEO and other executive officers of the Company, evaluated their performance in light of those goals and objectives, and set their compensation, including incentive-based and equity-based compensation, based on such evaluation.
- ii) Reviewed and proffered recommendations to the Board with respect to incentive and equity-based compensation plans.
- iii) Reviewed and made recommendations to the Board regarding compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control provisions and severance arrangements.
- iv) Provided assistance to management in developing compensation and benefit schemes an appropriately recommended to the Board the design of compensation policies and plans for the Company■



**Mr. Paul Edwards**

Chairman Board Remuneration Committee

19 January 2009

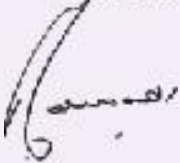
Members of the Remuneration Committee are:

1. Mr. Paul Edwards
2. Prof. Moharam Partha
3. Mr. A. Olawale Edun

## Market Announcement Committee's Report

In compliance with the provisions of Article 12 (7) of the Articles of Association of the Company and in accordance with the Duties and Responsibilities prescribed for it under Article 4 of the Starcomms Plc Nomination and Corporate Governance Committee Charter, the Committee;

- i) Drafted, obtained approval of the Board and maintained procedures, systems and controls for the identification, treatment and disclosure of inside information and ensured compliance with other disclosure obligations falling on the Company under rules and regulations for the operation of the Nigerian capital market and the conduct of operators as issued by the NSE and the SEC ("Disclosure Procedures").
- ii) Established, monitored and evaluated the effectiveness of the Disclosure Procedures and other procedures that are designed by the Company and ensured that information required by the Company to be disclosed to the SEC, including the Company's Annual Report and each Quarterly Report (collectively, the "Periodic Reports"), and other information, including voluntary disclosures, that the Company makes, is recorded, processed, summarized and reported accurately and on a timely basis;
- iii) Reviewed extensively, the process for preparing the final drafts of the Company's (i) Periodic Reports, current reports, proxy statements, information statements, registration statements and any other information filed with the SEC, (ii) press releases containing financial information, earnings guidance, information about material acquisitions or dispositions or other information material to the Company's security holders, (iii) correspondence broadly disseminated to shareholders and all presentations to analysts and the investment community, and (iv) presentations to rating agencies and lenders (collectively, the "Disclosure Statements"), and review disclosure policies for the Company's corporate/investor relations website.
- iv) Provided guidance to senior management with respect to handling informal contacts by and communications with shareholders, analysts and the investment community, rating agencies, lenders and other third parties ■



**Mr. Paul Edwards**

Chairman Board Market Announcement Committee

19 January 2009

### Members of the Board Market Announcement Committee are:

1. Mr. Paul Edwards
2. Prof. Enrique Arzac
3. Mr. Omar Lababidi



**KPMG Professional Services**  
22a Gerrard Road, Ikoyi  
PMB 40014, Falomo  
Lagos, Nigeria

Telephone: 234 (1) 271 8955  
Fax: 234 (1) 462 0704  
Internet: www.ng.kpmg.com

## Independent Auditor's Report

To the Members of Starcomms Plc

### Report on the Financial Statements

**W**e have audited the accompanying financial statements of Starcomms Plc ("the Company"), which comprise the balance sheet as at 31 December 2008, the profit and loss account, statement of cash flows and value added statement for the year then ended, the statement of accounting policies, notes to the financial statements and the five year financial summary, as set out on pages 44 to 77.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Starcomms Plc as at 31 December 2008 and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

#### *Report on Other Legal and Regulatory Requirements*

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of accounts.

*U.P. An G*

15 April 2009  
Lagos, Nigeria



## Statement of Accounting Policies

**A** summary of the principal accounting policies adopted by the Company, all of which have been consistently applied in the current and preceding years, except as disclosed in Note p, is set out below:

**a. Basis of accounting**

The financial statements are prepared under the historical cost convention, except as otherwise stated, and have been prepared on a going concern basis.

**b. Revenue:**

Revenue comprises gross outgoing airtime and associated revenues, incoming call and roaming revenues, data carrier services (internet) and hardware revenue, mobile and fixed wireless telephones and accessories sales, net of free airtime, discounts and value-added tax.

- Airtime revenue is recognised based on usage.
- Mobile and fixed wireless telephone handsets are bundled with Remote User Identification Module (RUIM) cards and recognized as revenue on delivery of the handset to the customers.
- Data carrier services (internet) is recognized on provision of the service. Data carrier hardware revenue is recognized on delivery to customer.
- Where advance payments are received from customers for services to be provided in the future, payments received are deferred and subsequently recognized as revenue when the related service is provided.

**c. Fixed assets**

Fixed assets including improvements that extend useful lives are stated at cost less accumulated depreciation. Costs relating to fixed assets under construction are disclosed as capital work-in-progress. Repair and maintenance costs are expensed as incurred.

**Depreciation**

Depreciation is calculated to write-off the cost of each asset less its estimated residual value, on a straight-line basis, over its expected useful life. No depreciation is provided for construction work-in-progress. The annual depreciation rates are as follows:

Leasehold land	-	over the lease period
Buildings	-	5%
Tower and antennae	-	10%
Telecom machinery and equipment	-	12 <sup>1/2</sup> %
Furniture and equipment	-	15%
Motor vehicles	-	33 <sup>1/3</sup> %
Computer equipment	-	33 <sup>1/3</sup> %
Generators	-	33 <sup>1/3</sup> %
Leasehold improvement	-	Shorter of period of lease or 20%

The attributable cost of each asset under construction is transferred to the relevant category immediately the asset is ready for use and depreciated accordingly.

## Statement of Accounting Policies

**d. Stocks**

Stocks, which include mobile and fixed wireless telephones, accessories, internet hardware and prepaid cards, are stated at the lower of cost and net realisable value. The value of airtime recharge cards disclosed as stock relates to the cost of the recharge cards and not the value of airtime. Cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less all costs to be incurred in selling and distribution. Where appropriate, allowance is made for slow moving, obsolete and defective stock.

**e. Income tax**

Income tax expenses/credits are recognized in the profit and loss account. Current income tax is the expected tax payable on taxable incomes, using applicable statutory tax rates.

**f. Deferred taxation**

Deferred taxation, which arises from differences in the timing of recognition of items, in the accounts and by the tax authorities, is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**g. Foreign currencies**

Transactions in foreign currencies are translated to Naira at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to Naira at the rates of exchange ruling at the balance sheet date. Exchange gains or losses arising from changes in exchange rates on monetary assets and liabilities, subsequent to the dates of transactions, are included as an exchange gain or loss in the profit and loss account.

**h. Intangible asset**

License fees are capitalised as intangible assets and amortised over the period of the licences, commencing from the effective date of the license.

**i. Impairment of assets**

The carrying values of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

## Statement of Accounting Policies

### j. **Retirement benefit scheme:**

#### i. Pension scheme:

In line with the provisions of the Pension Reform Act 2004, the Company instituted a Contributory Pension Scheme for all its employees. The Company and its employees each contribute 7.5% of the employees' annual insurable earnings to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit and loss account.

#### ii. Gratuity scheme:

Lump sum benefits payable to employees on retirement or resignation are accrued over the service life of employees. The provision is based on independent actuarial valuation using the projected unit credit basis. Actuarial gains or losses arising are charged to the profit and loss account. Although, the scheme is not funded, the Company ensures that adequate arrangements are in place to meet all obligations arising under this scheme.

#### iii. Other Long Term Employee Benefits - Long Service Awards

These are accrued over the service life of employees. The provision is based on independent Actuarial valuation performed on the projected unit credit basis.

### k. **Borrowing costs**

Borrowing costs are amortised over the tenor of each loan on a straight line basis.

### l. **Cash and cash equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank balances, short term investments in money market instruments as well as deposits held in Debt Service Accrual Accounts, all of which are available to the Company for use either generally or specifically.

### m. **Leases:**

#### i. *Operating leases*

Lease rental expenses are charged to the profit and loss account on a systematic basis in line with the time pattern of the benefit derived by the Company. When an operating lease is terminated before the lease term has expired; any payment to the lessor that is required by way of penalty is recognized as an expense in the period in which termination takes place.

#### ii. *Finance leases*

Finance leases are capitalised as fixed assets at their fair value at the inception of the lease less the present value of any un-guaranteed or partially guaranteed residual value that would accrue to the Company at the end of the lease term. Where it is not possible to determine the fair value, finance leases are capitalised at the present value of minimum lease payments at the inception of the lease and a corresponding finance lease liability is raised. Such assets are depreciated in accordance with the relevant accounting policy on fixed assets. Lease payments are allocated between finance lease costs and a capital reduction of the finance lease liability. Finance lease costs are allocated to the profit and loss account over the term of the lease using the effective interest rate method so as to produce a constant periodic rate of return on the remaining balance of the liability for each period.

## Statement of Accounting Policies

n. **Provisions**

A provision is recognised when, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic resources will be required to settle the obligation.

o. **Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is required to be presented in respect of the Company's business and geographical segments, where applicable.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

p. **Assets retirement obligations**

The Company's estimated asset dismantling and restoration costs are based on the present value of the assets retirement obligations. Upon initial recognition, the associated asset retirement costs are capitalized as part of the carrying amount of the fixed asset and a corresponding asset retirement and restoration liability is recognised. The asset is depreciated in line with the depreciation policy of the relevant asset. Subsequent changes in the value of the liability arising from changes in discount rate are recognised in the profit and loss account as interest expense.

This is a new accounting policy adopted in 2008 based on Statement of Accounting Standard No 25 (SAS 25) issued by the Nigerian Accounting Standard Board in November 2007. The effect of the adoption of this standard is shown in Note 17(f) to these financial statements■

## Profit and Loss Account

For the year ended 31 December 2008

	Notes	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
REVENUE	1	34,501,213	19,135,582
Direct costs	2	(22,115,903)	(10,056,024)
<b>GROSS PROFIT</b>		<b>12,385,310</b>	<b>9,079,558</b>
Operating expenses		(16,833,545)	(8,942,133)
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(4,448,235)</b>	<b>137,425</b>
Interest, exchange differences and financing costs, net	4	(3,966,803)	314,388
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>5</b>	<b>(8,415,038)</b>	<b>451,813</b>
Taxation	6(a)	406,954	564,254
<b>(LOSS)/PROFIT AFTER TAXATION</b>		<b>(8,008,084)</b>	<b>1,016,067</b>
<b>APPROPRIATION:</b>			
Transferred to general reserve	20	(8,008,084)	1,016,067
(Loss)/earnings per share	7	(144k)	103k
Adjusted (loss)/earnings per share	7	(116k)	28k

The accounting policies on pages 44 to 47 and the notes on pages 51 to 75 form an integral part of these financial statements ■

## Balance Sheet

As at 31 December 2008

	Notes	2008 N'000	2007 N'000
<b>NON CURRENT ASSETS</b>			
Fixed Assets	8	49,541,184	24,906,382
Intangible Assets	9	781,909	517,875
Deferred Tax Asset	10	3,787,318	3,292,176
Long Term Prepayments	11	1,234,134	973,821
<b>TOTAL NON CURRENT ASSETS</b>		<b>55,344,545</b>	<b>29,690,254</b>
<b>CURRENT ASSETS</b>			
Stocks	12	3,543,206	1,632,046
Debtors and prepayments	13	7,326,915	3,935,230
Cash and bank balances	14	15,904,260	633,061
		<b>26,774,381</b>	<b>6,200,337</b>
<b>CURRENT LIABILITIES</b>			
Bank term loans, finance lease and overdraft	15	13,939,412	5,093,452
Creditors and accruals	16	8,980,122	9,972,859
Taxation	6(b)	164,926	76,738
		<b>23,084,460</b>	<b>15,143,049</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>3,689,921</b>	<b>(8,942,712)</b>
<b>Total Assets Less Current Liabilities</b>		<b>59,034,466</b>	<b>20,747,542</b>
<b>NON CURRENT LIABILITIES</b>	17	<b>(19,998,205)</b>	<b>(13,436,520)</b>
<b>NET ASSETS</b>		<b>39,036,261</b>	<b>7,311,022</b>
<b>CAPITAL AND RESERVES:</b>			
Share capital	18	3,439,239	1,846,859
Share premium	19	50,779,997	12,639,054
General reserve	20	(15,182,975)	(7,174,891)
<b>SHARE HOLDERS' FUNDS</b>		<b>39,036,261</b>	<b>7,311,022</b>

Signed on behalf of the board of directors by:

  
**Chief Maan Lababidi OON**  
 Chairman

  
**Maher Qubain**  
 Chief Executive officer/MD

Directors

Approved by the Board of Directors on 15 April 2009

The accounting policies on pages 44 to 47 and the notes on pages 51 to 75 form an integral part of these financial statements. ■

# Statement of Cash Flows

For the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u> <u>N'000</u>	<u>2007</u> <u>N'000</u>
<b>Cash flows from operating activities:</b>			
Operating profit before working capital changes	21	(2,565,040)	5,033,727
Working capital changes	22	(6,555,895)	979,850
Net cash (outflow)/inflow from operating activities		<u>(9,120,935)</u>	<u>6,013,577</u>
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets	8	(29,943,288)	(10,735,656)
Interest received	4	1,797,272	70,375
Proceeds on disposal of fixed assets		4,450	6,481
Acquisition of licenses	9	(339,100)	(151,225)
Net cash outflow from investing activities		<u>(28,480,666)</u>	<u>(10,810,025)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of shares	19(b)	39,733,323	2,836,248
Bank overdraft repaid	15(b)	(486,259)	(552,011)
Bank overdrafts obtained	15(b)	751,378	33,595
Commercial papers repaid	15(c)	(510,000)	-
Commercial papers obtained	15(c)	-	282,096
Repayment of shareholders loans	17(b)	(4,396,140)	-
Increase in medium term borrowings		19,908,062	2,379,792
Finance lease repaid	17(a)	(242,879)	(130,441)
Finance lease obtained	17(a)	238,742	151,655
Interest expense	4	(2,123,427)	(1,921,486)
Net cash inflow from financing activities		<u>52,872,800</u>	<u>3,079,448</u>
Net Increase/(Decrease) in cash and cash equivalents		<u>15,271,199</u>	<u>(1,717,000)</u>
Cash and cash equivalents, beginning of year		<u>633,061</u>	<u>2,350,061</u>
Cash and cash equivalents, end of year		<u><u>15,904,260</u></u>	<u><u>633,061</u></u>

The accounting policies on pages 44 to 47 and the notes on pages 51 to 75 form an integral part of these financial statements ■

# Notes to the Financial Statements

For the year ended 31 December 2008

## 1. Revenue:

(a) Revenue, which is entirely made up of domestic income, represents the invoiced value of services rendered and items sold to external customers, net of free airtime, discounts and value added tax and comprises:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Net Call revenue (Note (b))	18,035,744	10,894,461
Interconnect revenue	3,106,657	2,522,350
Internet hardware	521,326	167,992
Handsets and accessories	7,122,101	3,122,509
Data revenue (internet services)	5,715,385	2,428,270
	<b>34,501,213</b>	<b>19,135,582</b>

(b) Net call revenue is analysed as follows:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Gross call revenue	23,049,027	12,642,407
Less:		
Airtime subsidy	(974,022)	(376,821)
Free airtime to dealers/subscribers (Note 16(c))	(4,039,261)	(1,371,125)
Net call revenue	<b>18,035,744</b>	<b>10,894,461</b>

# Notes to the Financial Statements

For the year ended 31 December 2008

## 2. Direct costs:

Direct costs comprise:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Interconnect	9,198,961	4,862,369
Internet hardware	652,524	247,187
Handsets and accessories	7,683,382	3,922,811
NCC Annual Levy	544,578	333,134
Discount on handsets and internet hardware	2,559,251	76,551
Data transmission	689,624	441,324
Other direct costs	787,583	172,648
	<b>22,115,903</b>	<b>10,056,024</b>

## 3. Operating (loss)/profit

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Gross profit	12,385,310	9,079,558
Operating expenses (excluding depreciation & amortisation and exchange differences)	(11,449,993)	(6,346,354)
Earnings Before Interest, Exchange differences, Taxation, Depreciation & Amortisation (EBIETDA)	935,317	2,733,204
Depreciation	(5,308,486)	(2,548,690)
Amortisation	(75,066)	(47,089)
	<b>(4,448,235)</b>	<b>137,425</b>

# Notes to the Financial Statements

For the year ended 31 December 2008

## 4. Interest expense, exchange differences and financing costs, net

Interest expense, exchange differences and financing costs net, comprise:

	<u>2008</u> N'000	<u>2007</u> N'000
Interest on shareholders' loan	-	639,158
Interest on bank loans and overdrafts	2,072,298	1,249,579
Interest on finance leases	51,129	32,749
	<hr/>	<hr/>
Interest expense	2,123,427	1,921,486
Interest received	(1,797,272)	(70,375)
	<hr/>	<hr/>
Net interest	326,155	1,851,111
Exchange loss/(gain)	3,640,648	(2,165,499)
	<hr/>	<hr/>
	<u>3,966,803</u>	<u>(314,388)</u>

## 5. (Loss)/profit before taxation

(a) (Loss)/profit before tax is stated after charging/(crediting):

	<u>2008</u> N'000	<u>2007</u> N'000
Staff costs (Note 5(b))	1,517,451	1,048,558
Directors remuneration	49,899	28,182
Operating lease rentals	32,130	12,681
Auditors' remuneration	23,000	13,000
(Gain)/loss on disposal of fixed assets	(4,450)	9,997
Depreciation	5,308,486	2,548,690
Amortization	75,066	47,089
Net interest (Note 4)	326,155	1,851,111
Foreign exchange loss/(gain)	3,640,648	(2,165,499)
Allowance for doubtful debts	125,937	2,147
	<hr/>	<hr/>

# Notes to the Financial Statements

For the year ended 31 December 2008

(b). Staff costs and directors remuneration

i. Employees costs during the year amounted to:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Salaries and wages	1,344,139	866,267
Welfare and end of service benefits	173,312	182,291
	<b>1,517,451</b>	<b>1,048,558</b>

ii. Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

N		N		Number	Number
				2008	2007
0	-	500,000		9	31
500,001	-	1,000,000		494	387
1,000,001	-	1,500,000		175	88
1,500,001	-	2,000,000		68	49
2,000,001	-	2,500,000		38	18
2,500,001	-	3,000,000		19	8
3,000,001	-	3,500,000		15	12
3,500,001	-	4,000,000		5	8
4,000,001	-	4,500,000		9	9
4,500,001	-	5,000,000		7	4
5,000,001	-	5,500,000		8	6
5,500,001	-	6,000,000		2	1
6,000,001	-	6,500,000		2	3
6,500,001	-	7,000,000		3	4
7,000,001	-	7,500,000		2	0
7,500,001	-	8,000,000		-	2
8,000,001	-	8,500,000		1	-
8,500,001	-	9,000,000		1	1
9,000,001	-	9,500,000		1	1
9,500,001	-	10,000,000		1	-
10,000,001	-	10,500,000		5	-
10,500,001	-	11,000,000		2	-
11,000,001	-	11,500,000		1	2
12,000,001	-	12,500,000		1	-
14,500,000	-	15,000,000		-	1
18,000,000	-	18,500,000		1	-
28,000,000	-	28,500,000		-	1
33,000,001	-	33,500,000		1	-
				<b>871</b>	<b>636</b>

## Notes to the Financial Statements

For the year ended 31 December 2008

iii. The number of full-time persons employed as at 31 December 2008 was as follows:

	<u>2008</u> Number	<u>2007</u> Number
Corporate Affairs	6	5
Engineering/Operations Group	144	93
Sales and Marketing	157	107
Customer Care	337	244
Information Technology	67	33
Human Resources	25	18
Finance and Admin	77	88
Customer Operations/Store	58	48
	<u>871</u>	<u>636</u>

iv. Directors' remuneration paid during the year is analysed as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Fees as directors	16,420	-
Other emoluments	33,479	28,182
	<u>49,899</u>	<u>28,182</u>

The directors' remuneration shown above includes:

	<u>2008</u> N'000	<u>2007</u> N'000
Chairman	-	-
Highest paid director (executive)	<u>33,479</u>	<u>28,182</u>

# Notes to the Financial Statements

For the year ended 31 December 2008

Other directors received emoluments in the following ranges:

	<u>2008</u> Number	<u>2007</u> Number
₦1,000,001 - ₦2,000,000	1	-
₦2,000,001 - ₦5,000,000	3	-

## 6. Taxation

(a) The net tax credit shown in the profit and loss account has been arrived at as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Income tax	41,564	-
Education tax	46,624	76,738
	88,188	76,738
Deferred tax credit (Note 10)	(495,142)	(640,992)
	<u>(406,954)</u>	<u>(564,254)</u>

(b) The movement on the taxation account during the year was as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Balance, beginning of year	76,738	-
Current year charge (Note (a))	88,188	76,738
Payments during the year	-	-
Balance, end of year	<u>164,926</u>	<u>76,738</u>

## 7. (Loss)/earnings per share

(Loss)/earnings per share is based on loss for the year of ₦8,008 million (2007: profit of ₦1,016 million) and on 5,551,494,856 (2007: 983,231,735) ordinary shares being the weighted average number of ordinary shares in issue during the year.

### Adjusted (loss)/earnings per share

Adjusted (loss)/earnings per share is based on loss for the year of ₦8,008 million (2007: profit of ₦1,016 million) and on 6,878,478,097 (2007: 3,693,718,318) ordinary shares in issue at the end of the year.

# Notes to the Financial Statements

For the year ended 31 December 2008

## 8. Fixed assets

(a) The movement on these accounts during the year was as follows:

	Leasehold Land & Building	Furniture & Equipment	Computer Equipment	Tower & Antennae	Motor Vehicles	Leasehold Improvement	Telecom Machinery & Equipment	Generators	Capital Work In Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost</b>										
Beginning of year	1,234,095	370,074	935,066	6,140,951	354,041	362,459	21,684,408	704,241	1,402,288	33,187,623
Additions	152,522	161,884	986,195	50,571	220,169	93,039	177,328	135,590	27,965,990	29,943,288
Reclassifications	1,293,907	111,997	42,721	3,391,486	-	36,042	18,332,156	1,182,115	(24,390,424)	-
Disposals	-	-	-	-	-	-	-	(53,161)	-	(53,161)
End of year	<u>2,680,524</u>	<u>643,955</u>	<u>1,963,982</u>	<u>9,583,008</u>	<u>574,210</u>	<u>491,540</u>	<u>40,193,892</u>	<u>1,968,785</u>	<u>4,977,854</u>	<u>63,077,750</u>
<b>Accumulated Depreciation</b>										
Beginning of year	129,111	75,492	628,363	1,075,058	161,855	68,003	5,761,866	381,493	-	8,281,241
Charge for the year	53,130	31,227	312,875	667,713	123,209	92,727	3,795,126	232,479	-	5,308,486
Disposals	-	-	-	-	-	-	-	(53,161)	-	(53,161)
End of year	<u>182,241</u>	<u>106,719</u>	<u>941,238</u>	<u>1,742,771</u>	<u>285,064</u>	<u>160,730</u>	<u>9,556,992</u>	<u>560,811</u>	<u>-</u>	<u>13,536,566</u>
<b>Net Book Value</b>										
End of year	<u>2,498,283</u>	<u>537,236</u>	<u>1,022,744</u>	<u>7,840,237</u>	<u>289,146</u>	<u>330,810</u>	<u>30,636,900</u>	<u>1,407,974</u>	<u>4,977,854</u>	<u>49,541,184</u>
Beginning of year	<u>1,104,984</u>	<u>294,582</u>	<u>306,703</u>	<u>5,065,893</u>	<u>192,186</u>	<u>294,456</u>	<u>15,922,542</u>	<u>322,748</u>	<u>1,402,288</u>	<u>24,906,382</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

- (b) Included in fixed assets are motor vehicles purchased under finance lease arrangements as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Cost	422,379	236,256
Accumulated depreciation	(157,753)	(64,641)
Net book value	<u>264,626</u>	<u>171,615</u>

- (c) Capital Commitments

The Company had authorised and contracted capital commitments amounting to ₦5.4 billion as at 31 December 2008 (2007: ₦8.09 billion).

### 9. Intangible assets

In August 2006, the Company was awarded a 10 year renewable Unified Access Service License by the Nigerian Communications Commissions, which is valid until August 2016. The license fees are capitalised as intangible assets and amortised over the period of the license. The movement on this account during the year was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
<b>Cost</b>		
Beginning of year	655,457	504,232
Additions	339,100	151,225
End of year	<u>994,557</u>	<u>655,457</u>
<b>Accumulated amortisation</b>		
Beginning of year	137,582	90,493
For the year	75,066	47,089
End of year	<u>212,648</u>	<u>137,582</u>
<b>Net book value</b>		
End of year	<u>781,909</u>	<u>517,875</u>
Beginning of year	<u>517,875</u>	<u>413,739</u>

# Notes to the Financial Statements

For the year ended 31 December 2008

## 10. Deferred tax asset

The Company had unutilised capital allowances of ₦50,301 million at year end, which is available for set off against future taxable profits. A deferred tax asset of ₦3,787 million (2007: ₦3,292 million) relating to deductible temporary differences has been recognized as at 31 December 2008. The movement on the deferred tax asset account during the year was as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Balance, beginning of year	3,292,176	2,651,184
Taxation credit for the year (Note 6(a))	495,142	640,992
	<u>3,787,318</u>	<u>3,292,176</u>

## 11 Long term prepayment

Long term prepayments represent the long term portion of prepaid rent for land on which some network base stations are sited.

## 12. Stocks

Stocks comprise:

	<u>2008</u> N'000	<u>2007</u> N'000
Handsets and accessories	2,921,600	1,259,026
Internet hardware	416,337	296,897
Air time recharge cards	205,269	76,123
	<u>3,543,206</u>	<u>1,632,046</u>

The value of airtime recharge cards disclosed above relates to the cost of recharge cards and not the value of airtime.

# Notes to the Financial Statements

For the year ended 31 December 2008

## 13. Debtors and prepayments

Debtors and Prepayments comprise:

	2008 N'000	2007 N'000
Dealers and subscribers	751,093	682,823
Interconnect receivables	666,415	709,787
Advance payments to suppliers	4,041,047	1,433,087
Amount due from related parties (Note 23)	59,012	-
Sundry debtors	298,027	44
Prepayments - Short term portion	1,511,321	1,109,489
	<u>7,326,915</u>	<u>3,935,230</u>

## 14. Cash and bank balances

Included in cash and cash equivalents is an amount of ₦280 million (2007: ₦177 million) held in Debt Service Accrual Accounts, which are operated under specific restrictions.

## 15. Bank term loans, finance lease and overdraft

Bank term loans, finance lease and overdraft comprise:

	2008 N'000	2007 N'000
Bank overdraft (Note (a))	1,590,408	1,325,289
Commercial papers and bankers acceptances (Note (a))	700,000	1,210,000
Short term portion of bank loans (Note 17(d))	11,561,229	2,469,367
Finance lease creditors - short term (Note 17(a))	87,775	88,796
	<u>13,939,412</u>	<u>5,093,452</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

- (a) Bank overdraft, commercial papers and bankers acceptances comprise various short-term facilities obtained to finance imports and to meet working capital requirements. The total amount utilised at the year end amounted to ₦2.3 billion (2007: ₦2.5 billion). The facilities are described below:

Ref Bank		Facility Limit ₦'000	Unutilised Balance	
			Overdraft ₦'000	Commercial Paper ₦'000
i. Fidelity Bank Plc	Overdraft	500,000	281,000	-
ii. First Bank Plc	Overdraft	200,000	84,441	-
	Commercial Paper	700,000	-	700,000
iii. Zenith Bank Plc	Overdraft	700,000	421,884	-
iv. Access Bank Plc	Overdraft	750,000	803,083	-
			<u>1,590,408</u>	<u>700,000</u>

The applicable interest rates on the facilities range between 14% and 18% per annum.

- (i) Fidelity Bank Plc made an overdraft facility of ₦500 million available to the Company, to support its working capital requirements. The overdraft facility has a tenor of 365 days commencing from November 2008 and is repayable on maturity with an option for renewal.
- (ii) First Bank Plc made overdraft and commercial paper facilities of ₦200 million and ₦700 million respectively available to the Company, to finance its working capital requirements. The overdraft facility has a tenor of 365 days while the commercial paper has a tenor of 90 days commencing from June 2008. Both facilities are repayable on maturity with an option for renewal.
- (iii) Zenith Bank Plc made an overdraft facility of ₦700 million available to the Company, to finance its working capital requirements. This facility has a tenor of 365 days commencing from July 2008 with an option for renewal.
- (iv) Access Bank Plc made overdraft facility of ₦750 million to the Company, to finance its working capital requirements. The overdraft facility has a tenor of 365 days commencing from April 2008 and is repayable on maturity with an option for renewal.

## Notes to the Financial Statements

For the year ended 31 December 2008

All the above facilities are secured by debentures over the present and future fixed and floating assets of the Company, including its head office buildings to be shared pari passu among the lenders on the basis of their relative exposures.

(b) The movement in bank overdraft was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Balance, beginning of year	1,325,289	1,843,705
Overdraft obtained during the year	751,378	33,595
Payment made during the year	(486,259)	(552,011)
Balance, end of year	<u>1,590,408</u>	<u>1,325,289</u>

(c) The movement in commercial papers and bankers acceptances was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Balance, beginning of year	1,210,000	927,904
Commercial papers obtained during the year	-	282,096
Payment made during the year	(510,000)	-
Balance, end of year	<u>700,000</u>	<u>1,210,000</u>

### 16. Creditors and accruals

Creditors and accruals comprise:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Trade creditors	1,959,823	3,584,049
Interconnect payable (Note (a))	1,434,811	1,866,079
Unearned Income (Note (b))	1,359,099	779,129
Pension fund accrual	52,709	40,452
Amount due to related companies (Note 23)	93,171	714,034
Other creditors and accruals (Note (d))	4,080,509	2,989,116
	<u>8,980,122</u>	<u>9,972,859</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

- (a) Interconnect payable represent amounts payable to other Interconnect partners in respect of interconnect traffic terminated on the partners' network in line with interconnect agreements between the Company and the Interconnect partners.
- (b) Unearned Income represents payments received from subscribers in advance of services to be rendered, which is analysed as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Unearned revenue inclusive of free airtime	1,540,426	779,129
Unutilised free airtime at year end	(181,327)	-
Unearned revenue net of free airtime	<u>1,359,099</u>	<u>779,129</u>

- (c) The movement on unutilised free airtime is analysed as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Opening balance, beginning of year	-	-
Free airtime given during the year	4,220,588	1,371,125
Free airtime utilized (Note (a))	(4,039,261)	(1,371,125)
Unutilised free airtime, end of year	<u>181,327</u>	<u>-</u>

Prior to 2008 the Company did not defer the value of unutilised free airtime given to subscribers.

- (d) Included in other creditors and accruals is an amount of N851 million representing accrued interest on loans.

# Notes to the Financial Statements

For the year ended 31 December 2008

## 17. Non-current liabilities

Non-current liabilities comprise:

	<u>2008</u> N'000	<u>2007</u> N'000
Finance lease obligations (Note (a))	50,161	53,277
Shareholders' and related parties loan (Note (b))	-	4,396,140
Provisions for gratuity and long service awards (Note (c))	227,236	133,066
Medium term borrowings (Note (d))	19,670,237	8,854,037
Provision for asset retirement and restoration costs (Note (e))	50,571	-
	<u>19,998,205</u>	<u>13,436,520</u>

(a) Finance lease obligation:

The Company purchased a number of motor vehicles through finance lease arrangements with Safewheelers Express Limited as shown below.

Lessor	Purpose	Monthly Lease Rental R	Duration of Lease	Unexpired Period
Safewheelers Express Limited	Motor Vehicles	1,300,167	24 months	2 months
Safewheelers Express Limited	Motor Vehicles	2,134,000	24 months	5 months
Safewheelers Express Limited	Motor Vehicles	540,000	24 months	8 months
Safewheelers Express Limited	Motor Vehicles	2,646,000	24 months	9 months
Safewheelers Express Limited	Motor Vehicles	3,123,000	24 months	14 months
Safewheelers Express Limited	Motor Vehicles	2,146,000	24 months	16 months
Safewheelers Express Limited	Motor Vehicles	2,385,000	24 months	17 months

The leases are secured by legal ownership of the leased assets. The lease agreement stipulates that the Company may exercise the option to purchase the leased assets after the lease period for a residual fee. The interest rate applicable to the above facility is 14%.

# Notes to the Financial Statements

For the year ended 31 December 2008

The outstanding lease obligation at the year end was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Amount falling due within one year (Note 15)	87,775	88,796
Amount falling due after one year	50,161	53,277
	<u>137,936</u>	<u>142,073</u>

The movement in finance lease obligations was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Balance, beginning of year	142,073	120,859
Additional finance lease obtained during the year	238,742	151,655
Payment made during the year	(242,879)	(130,441)
Balance, beginning of year	<u>137,936</u>	<u>142,073</u>

(b) Shareholders' and related parties loan:

Shareholders' and related parties loan relate to loan facility obtained from one of the Company's shareholders, S. N Communications Holdings Limited. The movement on the shareholders' loan account during the year was as follows:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
Balance, beginning of year	4,396,140	13,364,469
Loan converted to shares during the year - principal	-	(8,968,329)
Payments during the year	(4,396,140)	-
Balance, end of year	<u>-</u>	<u>4,396,140</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

- (c) Provisions for gratuity and long service awards:  
The movement on this account during the year was as follows:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	133,066	8,039
Charge for the year - gratuity	92,146	121,442
- long service awards	2,024	3,585
	<hr/>	<hr/>
Balance, end of year	<b>227,236</b>	<b>133,066</b>
	<hr/> <hr/>	<hr/> <hr/>

- (d) Medium term borrowings:  
Medium term borrowings comprise:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Amounts falling due within one year (Note 15)	11,561,229	2,469,367
Amounts falling due after one year	19,670,237	8,854,037
	<hr/>	<hr/>
	<b>31,231,466</b>	<b>11,323,404</b>
	<hr/> <hr/>	<hr/> <hr/>

Amounts classified as short term borrowings represent principal repayments falling due within the next 12 months.

- (e) Medium Term Loans and Facilities  
Medium term loans and facilities comprise of various loans obtained by the Company from different lenders, both local and international for its network expansion program. These loans are as detailed below:

# Notes to the Financial Statements

For the year ended 31 December 2008

Ref	Lender	Amount outstanding ₦	Accrued Interest ₦
i	Zenith Bank Plc	2.86 billion	69.50 million
ii	Zenith Bank Plc II & III	4.41 billion	178.91 million
iii	First City Monument Bank Plc	1.42 billion	12.79 million
iv	Fidelity Bank Plc I	1.22 billion	24.99 million
iv	Fidelity Bank Plc II	7.84 billion	414.96 million
v	Guaranty Trust Bank Plc	0.58 billion	24.70 million
vi	First Bank Plc	2.99 billion	82.39 million
vii	Huawei Technologies Company Limited	9.91 billion	43.06 million
	<b>Total</b>	<b>31.23 billion</b>	<b>851.30 million</b>

- i. The Company secured a facility of US\$25 million from Zenith Bank Plc. This facility has a tenor of 5 years commencing from January 2007 and is priced at 3 months LIBOR plus 400 basis points. The total facility had been fully drawn as at year end and the Company has commenced repayment. The outstanding principal liability and accrued interest at the end of the year was ₦2.86 billion and ₦69.5 million respectively.
- ii. The Company secured two on-lending facilities from Zenith Bank Plc amounting to US\$22.95 million and US\$23 million respectively to finance a contract agreement between Huawei Technologies Company Limited and the Company for implementation of a full Turnkey Network; including the supply, design, delivery, installation and commissioning among other things, of telecommunication equipment in connection with the CDMA 2000 expansion project. These facilities have tenors of 5 years with 1 year principal moratorium periods each commencing from January 2007 and November 2005 respectively. They are priced at 3 months LIBOR plus 235 basis points and Commercial Interest Reference Rate (CIRR) which will remain fixed over the tenor of the loan plus 175 basis points respectively. The outstanding principal liability and accrued interest on the combined facilities at the year end was ₦4.41 billion and ₦178.91 million respectively.
- iii. The Company secured a facility of US\$15.8 million from First City Monument Plc. This facility has a tenor of 5 years commencing from July 2006. The interest rate was increased on 4 September 2008 from 3 month LIBOR plus 400 basis points to 3 month LIBOR plus 850 basis points with a floor of 11% p.a. At the balance sheet date, the total facility had been drawn. The outstanding principal liability and accrued interest at the year end was ₦1.42 billion and ₦12.79 million respectively.
- iv. The Company secured a facility of US\$16 million from Fidelity Bank Plc. This facility has a tenor of 4 years commencing from July 2006 and is priced at an interest rate of 10.25% p.a. At the year end the total facility had been fully drawn. During the current year, the Company secured another facility of US\$60

## Notes to the Financial Statements

For the year ended 31 December 2008

million from Fidelity Bank Plc to expand cell sites and increase network capacity. This facility has a tenor of 180 days commencing from November 2008 with an automatic roll over option. The facility is priced at an interest rate of 12% p.a. The outstanding principal liabilities and accrued interest at the year end for both facilities was ₦1.22 billion and ₦7.84 billion; and ₦24.99 million and ₦414.96 million respectively.

- v. The Company secured a term loan facility of ₦850 million from Guaranty Trust Bank Plc to support the Company's expansion works in existing states of operation. The facility had been fully drawn at the year end. This facility has a 5-year tenor commencing from August 2006 and is priced at an interest rate of 17% p.a; subject to market review. The outstanding principal liability and accrued interest at the year end was ₦584.37 million and ₦24.70 million respectively.
- vi The Company secured an on-lending facility from First Bank of Nigeria Plc amounting to US\$22.95 million to finance a contract agreement between Huawei Technologies Company Limited and the Company for supply, design, delivery, installation and commissioning of CDMA equipment. The facility has a tenor of 5 years with a 1.5 year principal moratorium period commencing from June 2008 and is priced at 6 month LIBOR plus 145 basis points. The outstanding principal liability and accrued interest at the year end was ₦2.99 billion and ₦82.39 million respectively.
- vii The Company secured vendor financing arrangements with Huawei Technologies Company Limited totaling US\$75.67 million for implementation of a full Turnkey Network; including the supply, design, delivery, installation and commissioning among other things, of telecommunication equipment in connection with the CDMA expansion project. The financing arrangements have a tenor of 3 years with a 2 year principal moratorium period commencing from December 2008 and are priced at 3 month LIBOR plus 300 basis points. The outstanding principal liability and accrued interest at the year end was ₦9.91 billion and ₦43.06 million.

All the above facilities are secured by debentures over the present and future fixed and floating assets of the Company including its head office building to be shared pari passu by all lenders on the basis of their relative exposure.

(f) **Provision for asset retirement and restoration costs**

This represents provisions made for asset retirement and restoration costs. The movement on this account during the year was as follows:

	2008 N'000	2007 N'000
Balance, beginning of year	-	-
Provision for the year	50,571	-
Balance, end of year	50,571	-

# Notes to the Financial Statements

For the year ended 31 December 2008

## 18. Share capital:

Share capital is analysed as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
<b>Authorised:</b> 8,000,000,000 ordinary shares of 50k each	<u>4,000,000</u>	<u>4,000,000</u>
<b>Issued and fully paid:</b> 6,878,478,097 (2007: 3,693,718,318) ordinary shares of 50k each.	<u>3,439,239</u>	<u>1,846,859</u>

At a meeting of the Board of Directors held in June 2008, a total of 4,950,000,000 ordinary shares of 50k each, comprising of an offer for subscription of 3,184,759,779 ordinary shares of 50k each and an offer for sale (on behalf of one of its shareholders, SNCH) of 1,765,240,221 existing ordinary shares of 50k each, were offered by way of Private Placement to the public at a premium of ₦12.50k per share. All the shares offered were fully subscribed.

## 19 Share premium

(a) The movement on the share premium account during the year was as follows:

	<u>2008</u> N'000	<u>2007</u> N'000
Balance, beginning of year	12,639,054	-
Premium on shares issued during the year	39,809,497	12,639,054
Share issue costs	(1,668,554)	-
Balance, end of year	<u>50,779,997</u>	<u>12,639,054</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

- (b) The movement in the share capital account and share premium account for the purpose of cash flows was as follows:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Proceeds on share capital issued during the year	1,592,380	354,531
Premium on shares issued during the year	39,809,497	2,481,717
Share issue costs	(1,668,554)	-
Net proceeds on shares issued	<u>39,733,323</u>	<u>2,836,248</u>

### 20 General reserves account

The movement on this account during the year was as follows:

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Balance, beginning of year	(7,174,891)	(8,190,958)
Transfer from profit and loss account	(8,008,084)	1,016,067
Balance, end of year	<u>(15,182,975)</u>	<u>(7,174,891)</u>

# Notes to the Financial Statements

For the year ended 31 December 2008

## 21. Operating (loss)/profit before working capital changes

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
(Loss)/profit after taxation	(8,008,084)	1,016,067
Add back:		
Interest charges	2,123,427	1,921,486
Foreign exchange loss/(gain)	3,640,648	(2,165,499)
Less:		
Interest income	(1,797,272)	(70,375)
Taxation credit	(406,954)	(564,254)
Operating (loss)/profit	(4,448,235)	137,425
Adjustment for non-cash items:		
- Amortisation of license fees	75,066	47,089
- Depreciation	5,308,486	2,548,690
- Foreign exchange loss/(gain)	(3,640,648)	2,165,499
- (Gain)/Loss on disposal of fixed assets	(4,450)	9,997
- Provision for gratuity and long service award	94,170	125,027
- Provision for asset retirement and restoration costs	50,571	-
	<u>(2,565,040)</u>	<u>5,033,727</u>

## 22. Working capital changes

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Increase in inventory	(1,911,160)	(804,378)
Increase in accounts receivable	(24,898)	(1,136,105)
Increase in prepayments and other receivables	(3,568,088)	(1,666,278)
Increase in amounts due from related companies	(59,012)	-
Increase in creditors and accruals	1,103,650	504,422
(Decrease)/Increase in amounts due to related companies	(620,863)	227,458
Increase in unearned income	579,970	570,843
(Decrease)/Increase in interconnect payable	(431,268)	1,331,039
(Decrease)/Increase in trade creditors	(1,624,226)	1,952,849
Net working capital changes	<u>(6,555,895)</u>	<u>979,850</u>

# Notes to the Financial Statements

For the year ended 31 December 2008

## 23. Transactions with related companies:

The Company entered into the following transactions with the following related parties during the year:

Name of Related Party	Nature of Relationship and Services provided	Transaction Value for the year N'000	Balance payable/(receivable) N'000
Capital Security Services Limited	Security services and drivers to the Company. The Chairman of Starcomms, Chief Maan Lababidi has interests in this Company.	197,721	-
Allison Insurance Brokers Limited	Insurance brokerage to the Company. The Chairman of Starcomms, Chief Maan Lababidi has interests in this Company.	396	250
Allison Shipping and Forwarding Agents Limited	Clearing and forwarding services agents to the Company. The Chairman of Starcomms, Chief Maan Lababidi has interests in this Company.	729,488	92,921
<b>Due to related parties (Note 16)</b>			<b>93,171</b>
SN Communications Holdings Limited ('SNCH')	SN Communications Holdings Limited is the majority shareholder of the Company with 29% shareholding in the Company. The Company incurred some costs in respect of the private placement on behalf of SNCH.	924,842	(51,409)
Crown Flour Mills	Property rental services to the Company (expatriate accommodation and warehousing facilities). The Chairman of Starcomms, Chief Maan Lababidi has interests in this Company.	107,583	(7,603)
<b>Due from related parties (Note 13)</b>			<b>(59,012)</b>

## 24. Contingent liabilities

- (a) The Company is a defendant in various law-suits that have arisen in the normal course of business. The total claims against the Company at the year end amounts to ₦11.5 million. Based on advice of the Company's solicitors, the directors believe that no material liability will arise as a result of the law-suits; accordingly, no provisions have been made in these financial statements.
- (b) The Company has a contingent liability of ₦7.5 million in respect of a bank guarantee issued on its behalf by two of its bankers to its suppliers.

# Notes to the Financial Statements

For the year ended 31 December 2008

## 25. Segment reporting

The Company carries out its operations entirely in Nigeria which is considered one geographical segment. As at 31 December 2008, the Company's operations comprised two segments namely Voice and Data. The segments are made up of the following:

Segment	Description
Voice	This includes all revenues, cost of services and operating expenses directly attributable to providing voice calling services to subscribers. Included in this segment are calls, texts, interconnection and value added services both on a pre-paid and post-paid payment basis.
Data	This includes all revenues, cost of services and operating expenses directly attributable to providing data/internet access services to subscribers. Included in this segment are flat rate as well as usage-based data access services.

Information regarding each reportable business segment is shown below:

	<b>2008</b> <b>N'000</b>	<b>2007</b> <b>N'000</b>
<b>Revenue</b>		
Voice	28,264,502	16,332,783
Data	6,236,711	2,802,799
Total per profit and loss account	<u>34,501,213</u>	<u>19,135,582</u>
<b>Depreciation</b>		
Voice	4,459,111	2,199,520
Data	849,375	349,170
Total per profit and loss account (Note 5)	<u>5,308,486</u>	<u>2,548,690</u>
<b>Amortisation</b>		
Voice	-	-
Data	-	-
Unallocated	75,066	47,089
Total per profit and loss account (Note 5)	<u>75,066</u>	<u>47,089</u>

## Notes to the Financial Statements

For the year ended 31 December 2008

	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
<b>Interest expense and financing charges</b>		
Voice	-	-
Data	-	-
Unallocated	326,155	1,851,111
	<hr/>	<hr/>
Total per profit and loss account (Note 4)	326,155	1,851,111
	<hr/> <hr/>	<hr/> <hr/>
<b>(Loss)/profit before taxation</b>		
	<b>2008</b>	<b>2007</b>
	<b>N'000</b>	<b>N'000</b>
Voice	(5,581,653)	(274,893)
Data	1,932,666	894,688
Unallocated	(4,766,051)	(167,982)
	<hr/>	<hr/>
Total per profit and loss account	(8,415,038)	451,813
	<hr/> <hr/>	<hr/> <hr/>

The Company's tangible and intangible assets cannot be directly identified with the business segments. Accordingly net assets have not been allocated because the use of the assets between the two segments is significantly integrated and interdependent and it would be potentially misleading to separate the use of assets on a segment basis. Neither these assets, nor the liabilities can be directly identified with any particular business segment and are thus unallocated.

### 26. Subscriber Base

Active voice subscribers are subscribers who had made or received calls within the last 90 days before the end of the financial year. Subscribers who had not made or received calls within 90 days are designated as inactive and are deemed to have churned off the network.

The movement in active subscribers during the year was as follows:

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Net active voice subscribers, beginning of year	699	324
New voice subscribers during the year	1,466	495
Voice subscribers churned during the year	(175)	(120)
	<hr/>	<hr/>
Active voice subscribers, end of year	1,990	699
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Financial Statements

*For the year ended 31 December 2008*

## **27. Comparative Financial Statements**

Certain prior year balances have been reclassified to conform to the current year's presentation format.

## **28. Subsequent Events**

As at year end, the Company had monetary assets and liabilities denominated in foreign currencies amounting to US\$20,526,036 and US\$247,923,612 respectively which were re-translated into Naira at the rate of exchange of ₦130.75 to 1 US\$ prevailing at the balance sheet date. At the date of approval of these financial statements, the rate of exchange was ₦145.3 to 1 US\$.

There are no other significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31 December 2008, which have not been adequately provided for or disclosed in these financial statements■

# Value Added Statement

For the year ended 31 December 2008

	2008 N'000	%	2007 N'000	%
<b>Revenue</b>	34,501,213		19,135,582	
Bought-in-materials and services				
- Local	(27,205,382)		(8,629,275)	
- Imported	(8,483,711)		(4,559,046)	
	(1,187,880)		5,947,261	
Interest received	1,797,272		70,375	
<b>Value Added</b>	<b>609,392</b>	<b>100</b>	<b>6,017,636</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>To Government:</b>				
- taxes	(406,954)	(67)	(564,254)	(9)
<b>To Employees:</b>				
- salaries, wages and fringe benefits	1,517,451	249	1,048,558	17
<b>To providers of finance:</b>				
- interest to lenders	2,123,427	348	1,921,486	32
<b>Retained in the business:</b>				
- for replacement of fixed assets (depreciation)	5,308,486	871	2,548,690	42
- for replacement of licenses (amortisation)	75,066	12	47,089	1
- to augment reserves	(8,008,084)	(1,313)	1,016,067	17
<b>Value Added</b>	<b>609,392</b>	<b>100</b>	<b>6,017,636</b>	<b>100</b>

## Five Year Financial Summary

For the year ended 31 December 2008

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
<b>Profit and Loss Account</b>					
Turnover	34,501,213	19,135,582	13,614,796	6,344,212	5,168,345
Operating (loss)/profit	(4,448,235)	137,425	296,559	(1,212,268)	(1,042,311)
(Loss)/profit before taxation	(8,415,038)	451,813	(2,068,489)	(3,022,679)	(2,136,024)
(Loss)/profit after taxation	(8,008,084)	1,016,067	(1,495,017)	(2,568,793)	(1,979,629)
<b>Funds Employed:</b>					
Share capital	3,439,239	1,846,859	41,280	41,280	41,280
Deposit for shares	-	-	-	-	518,750
Share premium	50,779,997	12,639,054	-	-	-
General reserves	(15,182,975)	(7,174,891)	(8,190,957)	(6,695,940)	(4,127,147)
	<b>39,036,261</b>	<b>7,311,022</b>	<b>(8,149,677)</b>	<b>(6,654,660)</b>	<b>(3,567,117)</b>
<b>Assets Employed:</b>					
Fixed assets	49,541,184	24,906,382	16,735,894	9,257,991	7,973,039
Intangible assets	781,909	517,875	413,739	22,898	26,958
Deferred tax	3,787,318	3,292,176	2,651,184	2,077,712	1,622,024
Long term prepayment	1,234,134	973,821	348,790	-	-
Net current assets/(liabilities)	3,689,921	(8,942,712)	(6,796,056)	(5,581,542)	(7,824,406)
Non current liabilities	(19,998,205)	(13,436,520)	(21,503,228)	(12,431,719)	(5,364,732)
	<b>39,036,261</b>	<b>7,311,022</b>	<b>(8,149,677)</b>	<b>(6,654,660)</b>	<b>(3,567,117)</b>
(Loss)/earnings per share	(N1.44)	N1.03	(N36.22)	(N42.74)	(N47.96)
Adjusted (loss)/earnings per share	(N1.16)	N0.28	(N 0.40)	(N 0.48)	(N0.54)



The background is a solid dark purple color. It features several overlapping, semi-transparent circles and curved lines in various shades of purple, creating a layered, abstract effect. The lines and circles vary in opacity and size, some appearing as thin outlines while others are more solid. The overall composition is dynamic and modern.

# Products & Services

## Starcomms Products & Services



**S**tarcomms Plc can be considered a one stop shop for all your Personal, Business or Corporate communication needs, when it comes to Voice, Data and customized business solutions.

### **Our services includes**

**Voice** - Mobile and Fixed services

**Data** - Mobile and Fixed broadband and internet services

**Enterprise Solutions** - (VPN, Bulk SMS, Call Conferencing, E1 trunks & much more)

**Value added Services** - Voice SMS, Funbox, WAP & More

### **Starcomms Advantage**

- Cost effectiveness
- Enhanced efficiency
- Realtime Communication with clients and prospects
- Office outside the office environment with our smart tools of communication
- Affordable rate plans and subscription plans for voice and data services
- Manage communication between your office branches
- International calls at very low rates
- You absolutely save money & make more money

### **VOICE - Mobile & Fixed**

#### **Voice - Mobile**

Our Roaming (mobile) voice service is available on Starcomms 07028 and 07029 series. The StarSIM card and mobile phone connects you to a truly mobile experience. You can move seamlessly from one Starcomms coverage city to another. We also have a wide range of handsets for you to choose from.





Starcomms offers you a wide range of voice solutions including:

- Mobile Voice Services
- Fixed Voice Services
- Call Management Services
- Business Solutions

## Mobile Range of handsets - Voice and Data & Voice only Phones



## Mobile Product & Features

Product name	MOTO Q	MOTOROLLA V9M	MOTO K1	GENIE
Product				
Key Feature	<ul style="list-style-type: none"> <li>■ Stereo, Music player</li> <li>■ Bluetooth</li> <li>■ Infrared (IR)</li> <li>■ Data :EVDO</li> <li>■ Messaging : MMS, SMS</li> <li>■ Email Client: IMAP, POP3, Microsoft Exchange supports attachments (photos, HTML, Word, Excel, and PowerPoint)</li> <li>■ Camera &amp; Video Capture</li> <li>■ Integrated PDA</li> </ul>	<ul style="list-style-type: none"> <li>■ MMS capability</li> <li>■ WAP</li> <li>■ MP3, WMA v10</li> <li>■ Video capture, playback</li> <li>■ Camera 2 MP Stereo</li> <li>■ Bluetooth, USB 2.0</li> </ul>	<ul style="list-style-type: none"> <li>■ MMS, SMS,</li> <li>■ Video : H.263, MPEG4</li> <li>■ Camera : 1.3 MP</li> <li>■ Connectivity: Bluetooth</li> <li>■ Video capture, playback</li> <li>■ Data : EVDO</li> </ul>	<ul style="list-style-type: none"> <li>■ EV-DO Rev.A USB modem</li> <li>■ Mobile phone</li> <li>■ MP3 player</li> <li>■ Storage flash device</li> </ul>

## MOBILE - Roaming Tariff Plans

ROAMING TARIFFS ARE 5% VAT INCLUSIVE				
MOBILE TARIFFS	RoamEASY	RoamEASY	RoamSMART	RoamPRO
Access Charge (₹ / month )			750	1800
Daily Deduction (₹/Day )			25	60
	PMB ( N )	PSB ( K )	PSB ( K )	PSB ( K )
On Net ( Peak )				
Local	10	25	22	15
Unified	16	28	29	24
On Net ( Off Peak )				
Local	9	18	16	13
Unified	10	22	22	15
Off Net ( Peak )				
PTO / Nitel / Fixed	19	36	33	29
GSM / Unified	32	60	55	46
Off Net ( Off Peak )				
PTO / Nitel / Fixed	17	30	29	24
GSM / Unified	22	40	33	29



## Voice - Fixed

Our Talkie (Fixed) services are available on the local number plan & bundled with trendy fixed phones. Starcomms Talkie advanced desktop phone is available in two categories designed to meet specific needs.

- Starcomms Talkie internet enabled advanced desktop phone
- Starcomms Talkie voice only Advanced desktop phone

Product Name	Huawei 8521 (Cordless Phone)	Huawei ETS 2558
Product		
Key Feature	<ul style="list-style-type: none"> <li>■ 12-chord polyphonic ring</li> <li>■ Large-capacity phone book</li> <li>■ storage SMS function</li> <li>■ Speed dial function</li> <li>■ Keypad and LCD Backlight</li> <li>■ Key-pad lock</li> <li>■ Low battery alarm</li> <li>■ SMS group sending Alarm and more</li> </ul>	<ul style="list-style-type: none"> <li>■ Voice and data capability</li> <li>■ SMS enabled</li> <li>■ Speaker Phone</li> <li>■ Multiple ring tones</li> <li>■ Last number redial</li> <li>■ Phone book (250 entries)</li> <li>■ Call records</li> </ul>

## FIXED - Talkie Tariff Plans

TALKIE TARIFFS ARE 5% VAT INCLUSIVE					
	Talk Easy	Talk Easy	TalkSMART	TalkBiz	TalkPROFIT
Monthly Access Charge ( ₱ /month)			300	540	750
Daily Deduction ( ₱/Day)			10	18	25
On Net ( Peak)	PMB (N)	PSB (K)	PSB (K)	PSB (K)	PSB (K)
Local	9	21	20	15	13
Unified	12	27	25	23	21
On Net ( Off Peak)					
Local	7	13	13	11	13
Unified	9	18	15	18	21
Off Net ( Peak)					
Local	13	30	28	28	28
National	17	32	32	32	32
GSM / Unified	28	54	50	44	40
Off Net ( Off Peak)					
Local	11	24	21	19	27
National	14	32	32	32	32
GSM / Unified	19	34	30	28	28

## Corporate Tariff Plan

Corporate Roaming 20/10	
	IN charging Tariff VAT inclusive (₱)
On Net ( Peak)	
Local/Unified	10
On Net ( Off Peak)	
Local/Unified	10
Off Net ( Peak)	
Local/National	14
GSM / Unified	21
Off Net ( Off Peak)	
Local/National	14
GSM / Unified	21
Free Compliments	CUG (VPN) only



## Data Services (Broadband & Internet)

### Data Services

Your business never has to be on hold, it goes with you everywhere; Connect in your car, at work, on the field, at the beach, anywhere within Starcomms 3G EVDO mobile broadband coverage area for EVDO Services and all Starcomms coverage areas for One X services and be secure with in built data protection provided by superior CDMA 1X technology.

Plug and Play -simply slot your PCMCIA or Express card into the PCMCIA or Express card slot on your Laptop or Your data USB device into a USB slot on a laptop or desktop & you are ready to use;

- Starcomms iZAP Broadband Service
- Starcomms One X Internet Service

### iZAP Mobile Broadband Service



Starcomms iZAP Broadband Service is powered by 3G EVDO technology. iZAP Provides better super fast access to web savvy internet users. With average download speeds of 300 - 600kbps & up to 2.4mbps at peak.

Enjoy access to internet, intranet and E-mails. Download massive work files, movies, music collections and email attachments

### iZAP Mobile Broadband Access Devices

Product name	Huawei EC360 Rev A PCMCIA Card	Sierra Wireless 580 MDC	Starcomms iZAP USB Ovation MC 727	Epivalley iZAP REV A 7089 USB MODEM
Product				

### iZAP Broadband Routers

Product name	Axisstel Router	ZTE BAVO™ Home Gateway Mobile EVDO Router
Product (Routers)		



## ONE X Internet Service

Starcomms One x is a wireless CDMA high speed internet service, that allows you to browse the internet, anytime, anywhere within the Starcomms coverage area. You have Absolute Connectivity on the Move!



### One X Access Devices Subscription Plans (iZAP & One X)

iZAP Subscription Plans		
iZAP		Monthly Subscription
Package	Access Period	RRP/Month
Purple Always REN	24hours	₦15,950
Purple Business REN	9am - 9pm	₦7,000
Purple Night REN	9pm - 9 am	₦ 5000
Friendly 8	7-11 am & 7-11pm	₦ 6,000

iZAP		Monthly Subscription	
		Hourly Packs (₦)	
Denomination	Access Period	Validity	Price
Purple 100 Hours REN24hours	30		₦ 6,500
Purple 250 Hours REN24hours	90		₦15,000

iZAP		Monthly Subscription	
		Hourly Packs (₦)	
Denomination	Access Period	Validity	Price
Purple Corporate REN 24hours	30		₦12,500

### One X Access Devices

Product name	Starcomms Neo	Huawei ETS 2558	LSP-3510
Product			

### ONE X Subscription Plans

CDMA Monthly Subscription		
Package	Access Period	RRP/Month
Green Always REN	24hours	₦10,000
Green Business REN	9am - 9pm	₦7,000
Green Night REN	9pm - 9 am	₦5000
Friendly - 8	7-11 am - 7-11pm	₦6,000

CDMAONE		Hourly Packs	
Denomination	Access Period	Validity	Price
Green 100 Hours REN	24hours	30	₦5,000
Green 250 Hours REN	24hours	90	₦10,000

CDMAONE		Hourly Packs	
Denomination	Access Period	Validity	Price
Green Corporate REN	24hours	30	₦8,000

Pay As You Surf CDMA		One Per Minute
Package	Access Period	Price
Peak	06.00 - 23.00 hrs	₦3.00

## DATA ACTIVATION PACKS

### iZAP Bundles (Activation Packs)

New iZAP Activation Packs on Express Card				
Express card bundle	New till further notice	Access period	Validity	Starter Pack
Express Card Purple 100 Hours AP	₦ 14,999	24/7	30	Express Card with 100 Browsing Hours Free

Starcomms USB High Speed CDMA 1x EV-DO Rev.A Modem				
New iZAP Activation Packs on USB Modem				
USB bundles	New till further notice	Access period	Validity	Starter Pack
MDC Purple MDC 100 Hours AP	₦35,950	24/7	30	USB Modem with 1 Month Purple Always Data
USB Purple Business AP	₦27,000	9am-9pm	30	USB Modem with 1 Month Purple Business Data
USB Purple Night AP	₦25,000	9pm-9am	30	USB Modem with 1 Month Purple Night Data
SB Purple 250 Hours AP	₦35,000	24/7	90	USB Modem with 250 Browsing Hours
USB Purple 100 Hours AP	₦26,500	24/7	30	USB Modem with 100 Browsing Hours

New Activation Packs on Motorola Mobiles				
Motorola bundles	New till stocks last	Access period	Validity	Starter Pack
Moto K1 100 Hours AP	₦ 45,000	24/7	30	Moto K1 + 100hrs iZAP Data + ₦2,500 airtime Free
Moto Q 100 Hours AP	₦ 64,999	24/7	30	Moto Q + 100hrs iZAP Data + ₦5,000 airtime Free

## ONE X Bundles (Activation Packs)

New CDMAONE Activation Packs on Mobile Data Cards				
MDC Bundles	New till stocks last	Access period	Validity	Starter Pack
MDC Green Always AP	₦ 10,000	24/7	30	1x MDC with 1 Month Green Always Data
MDC Student 100 Hours AP	₦ 7,500	24/7	30	1x MDC with 100 Browsing Hours

All Cities Activation Packs on FWP				
FWP bundle	New till stocks last	Access period	Validity	Starter Pack
FWP Green Always AP	₦ 9,999	24/7	30	1x FWP with 1 Month Green Always Data

Pay As You Surf CDMAONE				
Package	New	Access period	Validity	Starter Pack
1x-Pay As You Surf	₦ 1,000	24/7	30	Billed @ ₦3.00 per Minute



### iBOOST

- Starcomms iBOOST internet accelerator is designed to enhance your network connection by accelerating data transfer. It provides efficient data transfer even on low bandwidth networks, thus speeds up your internet activity
- iBOOST software can be used for any of the Starcomms data products, either Starcomms **OneX** or **iZAP** Superfast Broadband
- The iBOOST Client is an application that provides client data acceleration and transport optimization
- The iBOOST Client runs automatically when you start your computer
- Key points of the iBOOST Client:
  - Optimizes and Accelerates Data
  - The iBOOST Client uses a proprietary transport protocol
  - Provides the most efficient data transport available for high-latency and low bandwidth networks
  - This software is designed to intelligently compress graphics and text within a web page



## Enterprise Solutions

VPN	Bulk SMS	Call Conferencing	PBX solution
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**VPN** - Get you and all your relevant Staff on Starcomms VPN (Close User Group) service and talk to one another free.

**Bulk SMS** - Get messages or information about your products and services quickly to all your clients and prospective customers at a very low cost.

**E1 Lines** - Deliver E1 trunk lines to your enterprise PBX or call centre via a point to point microwave link. Direct Inward Dialing lines can also be configured with the E1 trunk. The E1 lines can also be connected to your regular employee mobile group through our VPN service.

**Call Conferencing** - enter a virtual meeting room and hold meetings with your staff in different locations simultaneously without leaving your base location. Cut down travel, lodging & transportation costs.

### Starcomms Virtual Private Network (VPN) Service and Close User Group (CUG)

- Starcomms VPN solution is like a wireless intercom system connecting all your business branches and staff within cities where Starcomms has presence
- Starcomms switch will act as your nationwide PABX wherever Starcomms has coverage
- You may also activate mobiles or fixed desktop lines for key and relevant personnel of your company and a number of lines on your PABX, provision the lines on the same VPN (CUG) to enable free calls with one another and the branches/Headquarters. This will invariably reduce cost and increase efficiency
- All the lines activated on this plan will be provisioned on Starcomms voice VPN (Close User Group) service to enable zero call billing for all calls within the group irrespective of duration of talk time for a fixed monthly rental

\*This plan is only available on Corporate 20/10

Monthly service charge for National VPN service		
S/N	Number of Lines VPN	Applicable Monthly service charge per Line
1	10 - 49 lines	₦1,500
2	50 - 499	₦1,200
3	500 - 1499	₦1,000

### BulkSMS

- The bulk SMS enhances your business communication in no small way. This service gives you the opportunity to send messages to a predefined large group of phone numbers at a very low cost. What better way to keep in touch with your clients customers and prospects, while promoting your products and services.

#### At short notice you can;

- Update customers on new products & Services
- Inform them on promo activities

Rate Price Plan for Bulk SMS	
Number of SMS	Starcomms Standard Rate/SMS (On-net)
501 - 50,000	4.5
50,001 - 100,000	4
100,001 - 250,000	3.5
250,001 - 500,000	3
500,001 - 1,000,000	2.5
1,000,001 - 1,500,000	2
Above 1,500,000	1.5

### Call Conferencing

- Starcomms call conferencing allows you to have that important meeting with up to 30 people, even when all those involved are in different locations
- It is Voice conferencing with a difference. With this service there is no conference bridge, it will be registration-less and reservation-less with no contracts, no billing, no time limits, no charge

#### In order to use this service users simply follow these two steps

- Pay annual subscription charge sign order forms and standard terms and conditions and Starcomms issued the users a set of PINs
- Distribute the start time of the call, their PIN and the voice conferencing allocated access number to fellow conference call participants
- For invited parties to participate, they simply dial the voice conferencing number at the agreed start time and enter their PIN when prompted - That's all there is to it

#### All the benefits you get with the service

- It encourages cost and time saving expenses before meetings hold
- It enables various participants (2-30 people) to talk simultaneously with voice clarity
- Participants in the call conferencing could be from different local & international networks
- Calls on the service are secured & simple to use



## Value Added Services

Funbox	Voice SMS	Dash me credit	WAP
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### Value Added Services

- Funbox
- VSMS
- DashMe Credit
- WAP
- Africhat
- CRBT - Startunz
- Missed Call Notification
- Call Waiting



### Funbox

Welcome to a world of fun, and there's never a dull moment again! The FunBox grants you access to a vast range of entertainment & information services news, sports, jokes, lifestyle, horoscope, weather, ringtones etc. The FunBox will bring you a host of infotainment services onto your mobile at the touch of a button!

### Voice SMS

Allows a sender to send a voice message to the recipient without talking to the recipient. It's done by the sender dialing the recipient number with a special prefix (\*) as defined by Starcomms.



The sender leaves a message in the Voice SMS system and hangs up the phone. The recipient will receive SMS alert about the sender's message. The recipient can then return call on the SMS to directly listen to the sender's message. The recipient can reply to the message by pressing a pre-designated numeric key and start speaking and hang up the phone. The sender will receive SMS alert this time which the sender can return call to listen to the message.

Voice SMS is like SMS in the sense that the charging is event-based irrespective of how long the message is, but however, the duration of the voice message deposit is usually 30 seconds.



### DashMe Credit

The credit transfer service allows Starcomms subscriber with the required minimum airtime balance to send money/ airtime credit from their Starcomms phone to another Starcomms phone via SMS. The service enables you to give out and receive airtime from friends & family in an easy and secured way.

### WAP

WAP (Wireless Access Protocol), more commonly referred to as "Mobile Internet". Most of today's mobile phones, smartphones and PDAs come with a built in WAP browser. With a WAP browser, you can access dedicated WAP pages while on the move. As WAP phones have smaller screens, content is often fairly basic, so pages are quite efficient and downloaded fairly quickly.

### About Starcomms WAP

Starcomms WAP service offers a whole range of value added data applications like Ringtone, Java Games, Wallpaper, Truetones, MP3 tones, Animations to Starcomms CDMA Mobile subscribers through their WAP

and data enabled handsets. A Starcomms subscriber can access these services by launching the WAP Client in their WAP and data enabled handset, which will take the user to default WAP homepage - Starcomms WAP. This homepage will carry the link to the value added data application.

**Functionalities:**

- **Downloads:** This enables a Starcomms user to download contents like Polyphonic Ringtones, Wallpapers and Games onto his Handset. The price ranges from ₦50 - ₦150 depending on the content
- **Surf:** Ability to Surf other WAP sites like Yahoo, Rediff or any other



**Starcomms Africhat**

**Starcomms Africhat** is a simple & fast chat application that enables synchronous, text-based, interpersonal communication across mobile users. It enables mobile users to interact & harness an engaging chat experience offered via SMS. The service reveals an engaging chat experience on mobile. It allows subscribers to have real time two-way chat with any registered user, including online MSN or Yahoo! Messenger contacts anytime, anywhere, over any phone using SMS. Its features include create profile, people search, buddy listing, chat rooms creation & instant messaging options. One can chat with multiple chat friends at the same time. Service Cost: All SMS sent to the short code 30805 is charged at ₦3 per SMS.



**Starcomms CRBT - Startunz**

**StarTunz** is designed to replace the traditional 'dull' ring-ring tone that callers hear when they place a call to your phone. StarTunz allows the calling party to hear the music or audio clips set by you for each call received. StarTunz is handset independent and therefore works for any Starcomms mobile or desktop phone. It has the capability to assign different StarTunz for different individual callers, groups and even at different times of the day & on special days too. A wide range of music selections is available for use from Oldies, R n B, Naija, to Gospel & Islamic StarTunz.

You can select, modify or change any StarTunz to personalise your phone at any time you so wish.

- To subscribe using SMS for the service, send REG to 2222
- To download and set a StarTunz as default tone, send down and the tone code to 2222 e.g text down6001011006 and send to 2222 for African Queen by 2face
- To subscribe using IVR (Interactive Voice Response), dial \*2222 and follow the voice prompt. Enter any 6 digit as your password and keep the plus safely

Tariff	
StarTunz have a one month validity from date of purchase	
Activation Fee	Free Of Cost
Monthly Subscription Fee	₦100
Usage Charge	₦50/download
SMS use	₦5/sms
IV use	₦10/min

### **Missed Call Notification Service**

Now, you can't miss a call!!! Yes, with Missed Call Notification where you will be sent an SMS alert informing you about your missed calls.

The Missed Call Notification service will be available to you under the following situations:

- When your phone is switched off
- When your phone is in non-reachable or out of coverage status

So now when somebody calls you, and if your phone is either in switched off mode or not reachable, the caller will hear the following:

"Your call has been forwarded to the short message prompt system. The short message has been sent successfully. Please hang up."

Once the phone is switched on, you would receive an SMS that will read as - "You have a missed call from (MSISDN) date, time. Pls call back"

At any point of time you can deactivate the service by dialing \*1220.

You can re-activate the service by dialing \*122.

Missed Call Notification is being offered FREE as introductory offer.

So, now with Starcomms Missed Call Notification service, you don't miss your important Business call or Personal calls.

### **Call Waiting**

Now you can switch between calls and never miss an important conversation.

Call Waiting is a unique facility that notifies you that a second call is waiting during an active call, and allows you to switch between calls. You will be notified of the waiting call by a recurring beep which will be audible to you during the phone conversation.

The Call waiting service is available for free to all roaming customers (0702-8 & 0702-9) customers under the following scenario:

- When you are already on a call and when someone else calls, you will hear the waiting tone (a beep) and the number flashing. You can do the following:

A. Press END (to end the current call) and answer the second call.

B(i). Ask the 1st Caller to hold on and press 'Accept Call' and talk to the second caller.

B(ii). Again press the 'Accept Call' button to speak to the 1st caller.

So when the caller is on hold he will listen to the following voice prompt: "Please hold, the number you have dialed is busy".

You can deactivate the service by dialing \*740. At any point in time, you can re-activate the service by dialing \*74.



### **The Smart Centre**

The Smart Center Product is a concept that empowers people to Start their own Enterprise and the Smart Center phones sold to the new Smartcentre operators come packaged with the BonusMax loyalty and TeleMax tariff plan.(Complete bundle of OWN, OPERATE AND GROW).

### **The Smartcenter package**

Entrepreneurship within your reach! Make profits and stay on top of your business using Starcomms Smart Center Phone The Smartcenter product is designed for business center operators, who wish to enjoy reduced call rates on calls and increased profits in business. Within the Smartcenter bouquet a variety of tariff plans are available.■

## List of Starcomms Showrooms & Offices



### Corporate Offices

Registered Office: Plot 1261c, Bishop Kale Close, Victoria Island, Lagos.

**Corporate Head Office:** 52 Adetokunbo Ademola Street, Victoria Island, Lagos

### Service Center/Sales Offices Addresses

Victoria Island:	Plot 1261c, Bishop Kale Close, Victoria Island, Lagos.
Falomo:	Shop C1, Falomo Shopping Complex, Ikoyi.
Lekki:	Shop 31, The Palms Shopping Mall, Off Lekki/Epe Express Way
Surulere:	105, Bode Thomas Street, Surulere.
Apapa:	51, Calcutta Crescent, Apapa
Ikeja:	36b, Toyin Street, Ikeja.
Ikotun:	118, Isolo Egbe Road, Ikotun Egbe
Alaba:	23, Alaba International Market Road
Ibadan:	1, Town Planning Way, Mobil Junction, Ring Road
Port-Harcourt:	55/57, Apra Street, Off Evo Road, GRA Phase 11
Kano I:	16, Audu Bako Way, Nassarawa GRA
Kano II:	47, Aminu Kano Way, Gadon Kaya
Kaduna:	4, Ali Akilu Road, Opp Oceanic Bank, Lugard Round-about
Maiduguri:	Damboia Road, Opp NTA
Abuja:	19, Durban Street, Off Adetokunbo Ademola, Wuse 11, Abuja
Zaria:	7b, Theresa Bowyer Street, PZ, Zaria
Aba:	28, Okigwe Road by Mr. Fans, Aba
Onitsha:	62, New Market Road, Onitsha
Abeokuta:	Km1, Moshood Abiola Road, Abeokuta
Calabar:	35, Atekong Drive, State Housing Estate, Calabar
Asaba:	375, Nnebisi Road, Same Building With Abbey Building Society, Asaba
Benin:	60, Airport Road, Benin City
Warri:	44, Warri Sapele Road, Warri
Owerri:	166, Okigwe Road Opposite FSP International School
Uyo:	205, Oron Road Uyo
ilorin:	Plot 232, Ibrahim Taiwo Rd. (Virgin Nigeria Building)
Umuahia:	7B, Factory Road, Behind Govt. House, Umuahia

### Franchise Shops

### Addresses

Ikotun:	2, Ijegun Road, Ikotun
Egbeda:	41 Idimu Rd, By Ponle B/s, Egbeda
Shomolu:	27, Fola Agoro Road, Shomolu
Festac:	21 Road, H Close, House 2, Festac
Mushin:	73, Palm Avenue, Mushin
Ijebu Ode:	91, Ejirin Road, Opp. Oreofeoluwa Hospital, Ijebu-Ode
Shagamu:	246b, Akarigbo Street Sabo, Shagamu
Port Harcourt:	321, Aba/ Port Harcourt Express Way By Izi Bus Stop
Kaduna:	6, Kachir Road, kaduna
Sapele**:	109 Warri Sapele Road, beside Eagle Line Sapele
Ogbomosho**:	Onigbinde House, Opp School of Nursing, Baptist Medical Centre, Takie Area
Ikota**:	Block H, 508, Last Gate
Oyo**:	Ille Gbadegeshin, Opp. Alafin's Palace, Oyo

## Top Ten Dealers

	Company Name	Location
1	Easy & Quiet	1a, Bishop Crowther Street, Akerele. Surulere, Lagos
2	Flexmore Ltd.	1408, Adetokunmbo Ademola Street, Victoria Island, Lagos
3	Seaman Ventures	38, Toyin Street, Ikeja, Lagos
4	Stanqueen Ltd.	1a, Mojidi Street, Off Toyin Street, Ikeja, Lagos
5	First Gate Communications Ltd.	45, Adeniran Ogunsanya, Surulere, Lagos
6	Great Bakis Ventures Ltd.	13, Isheri Road Aguda, Ogba, Ikeja, Lagos
7	Allensar Infinity communication	6, Zoo Road, Kano
8	Ephybrand Ltd.	29, New Iyana Ipaja Road. Iyana Ipaja, Lagos
9	Avro Communcations	Surulere Super Plaza, Akerele. Surulere, Lagos
10	T.I.G Communications Ltd.	12, Oweh Street, Fadeyi, Lagos

### ADMISSION CARD

11th ANNUAL GENERAL MEETING TO BE HELD AT CONGRESS HALL, TRANSCORP HILTON HOTEL, ABUJA AT 10:00 A.M. ON WEDNESDAY, JULY 1ST 2009

NAME OF SHAREHOLDER:

NUMBER OF SHARES HELD:

Please admit .....to the 11th Annual General Meeting of Starcomms, Plc.

Signature of person attending: .....

- This admission card should be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting
- You are requested to sign this card at the entrance in the presence of the Company Secretary or his Nominee on the day of the Annual General Meeting

Please be advised that to enable a Proxy gain entrance to the meeting, the Proxy Form is to be duly completed and delivered to the Company or the Registrar not later than 48 hours before the time fixed for the meeting.

COMPANY SECRETARY

The 11th Annual General Meeting of Starcomms PLC taking place at the Congress Hall, Transcorp Hilton Hotel, Abuja on the 1st day of July 2009 at 10:00am

I/We,

**Account Number:** .....

**Shareholder's Name:**  
.....

**No of Shares:** .....

being a Shareholder of Starcomms PLC (RC. 276167) hereby appoint ..... of ..... or failing him, the Chairman of the Meeting as my/our proxy to vote for me/usx and on my/ourx behalf as he deems fit or as specified in the boxes in relation to the resolution to be submitted to Shareholders at the Annual General Meeting of the Company to be held on the 1st of July and at any adjournment thereof:

Dated this ..... day of..... 2009

Signature (s) of Shareholder (s): .....

x Kindly delete the section which does not apply to your voting instruction

xx Corporate Shareholders should execute by applying Common Seal

**NOTES**

1. A member who is unable to attend the meeting is allowed by Law to vote by proxy.
2. Provision has been made for the Chairman to act as your proxy to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead.
3. The completed, signed and stamped Proxy Form should be deposited at the Registered Office of the Company (Plot 1261 C, Bishop Kale Close, Victoria Island, Lagos) or at the office of the Registrars (First Registrars, Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos) and must reach them not later than 10:00am on Monday the 29th of June, 2009 (not later than 48 hours before the time for voting).
4. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently N500.00) from the Stamp Duties Office, and not adhesive postage stamps.

Resolution	For	Against	Abstain
1) "That the Report of the Directors and the Financial Statements for the year end 2008 now submitted be and are hereby received and approved"			
2) "That Chief Maan Lababidi be and is hereby re-elected as a Director"			
3) "That the appointment of Mr. Paul Edward as a Director be and is hereby approved"			
4) "That the appointment of Mr. A. Olawale Edun as a Director be and is hereby approved"			
5) "That the appointment of Professor Enrique Arzac as a Director be and is hereby approved"			
6) "That the appointment of Mr. Tajudeen Dantata as a Director be and is hereby approved"			
7) "That the Directors fees for the year ending December 2009 as recommended be and are hereby approved by members of the Board"			
8) "That the Auditors remuneration in the ensuing year be fixed by the Directors"			
9) "That the Ordinary Resolution in respect of the election of the nominees to the Audit Committee be and are hereby approved"			
10) "That the Ordinary Resolution in respect of the establishment of Management Share Incentive Scheme be and is hereby approved"			

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

A decorative graphic featuring a solid purple background. In the center, there is a large, white, teardrop-shaped area. This white area is surrounded by several smaller, white, teardrop-shaped elements that appear to be part of a larger, stylized design. The overall effect is clean and modern.

[www.starcomms.com](http://www.starcomms.com)